formance evaluation.

Of the 20 retainer clients, 13 are corporate and four are public. The firm also provided services to 10 non-retainer clients during the past year, including four corporate, two public and one union.

There are four professional consultants. Fees are payable in hard and soft dollars.

Clients include the Municipal Employees' Annuity and Benefit Fund of Chicago, Nalco Chemical, Laborers and Retirement Board Employees' Annuity Fund of Chicago and Health Care Services Corp.

Edmund M. Burke, Howard Pohl and Ronald Surz, principals, are client contacts.

Berg Fiduciary Consultants

363 Westchester Ave., Port Chester, N.Y. 10573; (914) 937-7111

Berg Fiduciary Consultants Inc., which is affiliated with Plan Sponsor Network, offers development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; U.S. and foreign investment performance measurement; and analysis of U.S. investment performance. The firm also offers GIC contract negotiations and real estate manager searches.

The firm maintains an on-line investment manager data base of 500 U.S. managers and 75 international/global managers.

Of the 13 retainer clients, nine are corporate, one is public and three are union. The firm provided services to three non-retainer clients during the past year, two corporate and one union.

There are four professional consultants. Fees are payable in hard and soft dollars.

Clients include the American Society of Civil Engineers, Continental Airlines, Insilco Corp. and the UFCW, Southern Region.

Paul E. Berg, president, is client contact.

Berla Investment Consulting

1327 N. Main St., Suite 107, Walnut Creek, Calif. 94596; (415) 947-0326

Berla Investment Consulting provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation, selection and performance measurement and analysis of U.S. and foreign investment performance.

The firm has special expertise in investment performance measurement and analysis.

Of the 23 retainer clients, 18 are corporate, four are public and one is union. The firm also provided services to five non-retainer clients in the past year: two corporate, two public and one union.

There is one professional consultant. Fees are payable in hard dollars.

Clients include Mount Diablo Medical Center, Valley Memorial Hospital, Santa Barbara Savings & Loan and Delta Memorial Hospital.

George A. Berla, president, is client contact.

Alan D. Biller & Associates

P.O. Box 879, Palo Alto, Calif. 94302; (415) 328-7283

Alan D. Biller & Associates Inc. provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. performance measurement. It provides on-going consulting services to pension plans dealing with all investment-related issues.

The firm provides PensionOptions, an asset/liability/cash flow optimization software program, to the investment management industry.

There is one retainer client, a union. The firm provided services to four non-retainer clients in the past year, three corporate and one union client.

There are three professional consultants. Fees are paid in hard dollars.

Clients include the Western Conference of Teamsters Pension Trust.

Alan Biller, president, is client contact.

Boettcher & Co. Inc.

828 17th St., Denver, Colo. 80202; (303) 628-8000

Boettcher & Co. Inc., a subsidiary of Kemper Financial Services, provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; U.S. and foreign performance measurement; and analysis of U.S. and foreign investment performance.

The firm has special expertise in risk evaluation and measurement.

Of the 330 retainer clients, 112 are corporate, 12 are public and three are union.

There are 12 professional consultants. Fees are payable in hard and soft dollars.

Clients include Tlingit-Haida, University of Wyoming, City of Wheatridge Police & Fire and Blue Cross/Blue Shield.

Michael Bunn, vice president, director-investment management group, is client contact.

BT Consulting

280 Park Ave., New York, N.Y. 10015; (212) 850-4295

BT Consulting, a subsidiary of Bankers Trust Co., provides development of investment policies and objectives and asset allocation; and U.S. and foreign investment performance measurement and investment performance analysis.

The firm offers performance analysis, risk analysis and performance attribution to the investment management industry.

It has special expertise in asset allocation, performance measurement, risk analysis and performance attribution.

There are 74 retainer clients.

There are six professional consultants. Fees are payable in hard and soft dollars.

Clients include Bechtel, Hershey Foods, Lockheed and Shell Oil.

Howard M. Crane, vice president, is client contact.

Buck Pension Fund Services

2 Pennsylvania Plaza, New York, N.Y. 10121; (212) 330-1000

Buck Pension Fund Services, a subsidiary of Buck Consultants Inc., offers development of investment policies and objectives and asset allocation; U.S. and foreign manager selection and evaluation; U.S. and foreign investment performance measurement; and analysis of U.S. investment performance.

The firm also offers real estate consulting, including asset allocation and manager evaluation and selection; annuity purchases and other insurance company investment products; and venture capital.

The firm has special expertise in integrated asset/liability modeling and performance relative to benchmark portfolios.

There are 25 retainer clients: 20 corporate, four public and one union. The firm also provided services to 15 non-retainer clients during the past year, 14 corporate and one union.

There are eight professional consultants. Fees are payable in hard and soft dollars.

Clients include Southwestern Bell, the State of Connecticut and Sara Lee.

Catherine A. Higgins, president, is client contact.

Butcher Consulting Group

2500 Grant Building, Pittsburgh, Pa. 15219; (412) 232-1000

Butcher Consulting Group, a subsidiary of Butcher & Singer Inc., provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. and foreign investment performance measurement and analysis.

The firm also provides consultation on short-term cash funds or funds that require a high degree of liquidity.

It has special expertise in midsize funds of $5 million to $150 million; non-profit organizations, particularly hospitals; manager selection; microcomputer graphics and statistical data bases; and the CFO Advisory, in which the firm will accept any sophisticated assignment for a large corporate chief financial officer or serve as the CFO for a smaller corporation on a time-sharing basis. The CFO Advisory uses Decision Support Systems simulation software.

The firm offers its portfolio classification and ranking data base — Graphical Ranking of Investment Descriptors (G.R.I.D.) — to the investment management industry.

Of the 68 retainer clients, 31 are corporate, four are public, five are union, and 28 are non-profit. The firm also provided services to 19 non-retainer clients during the past year: 13 corporate, one public, three union and two non-profit.

There are 10 professional consultants. Fees are payable in hard and soft dollars.

Clients include Coopers & Lybrand, City of Pittsburgh, Duquesne Light Co. and Fairfax County.

Terry Bilkey and James E. Yanni, senior vice presidents, are client contacts.

Callan Associates Inc.

71 Stevenson St., Suite 1300, San Francisco, Calif. 94105; (415) 974-5060

Callan Associates Inc. provides development of investment polices and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. and foreign investment performance measurement and analysis.

The firm also offers software planning tools for personal computers, including liability simulation, asset optimization, performance statistical analysis, data base management and asset projections; and educational services, such as institute programs, staff training, customized research and attitude surveys, monthly and quarterly statistical performance data, investment market reviews and investment management strategy projections.

The firm provides the following to the investment management industry: investment process analysis; portfolio monitoring services; manage style analysis; trading cost analysis; investment measurement service; performance attribution analysis; presentation consulting; and special projects.

The firm has special expertise in strategic planning services, portfolio audits, execution analysis and educational services.

Of the 156 retainer clients, 60 are corporate, 28 are public and 25 are union. The firm also provided services to 190 non-retainer clients during the past year, of which 30 were corporate, 12 public and nine union.

There are 27 professional consultants. Fees are payable in hard and soft dollars.

Ronald D. Peyton, president, is client contact.

Canal Forest Resources Inc.

9401 ArrowPoint Blvd., Suite 260, Charlotte, N.C. 28217; (704) 527-6780

Canal Forest Resources Inc., a subsidiary of Canal Industries Inc., provides development of investment policies and objectives for timberland

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investments; U.S. timberland manager evaluation and selection; and analysis of U.S. timberland investment performance.

The firm also provides timberland consulting and active property management services to the investment management industry.

It has special expertise in Southern timberland management, appraisals, acquisitions and sales.

There is one corporate retainer client. The firm also provided services to three corporate non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard dollars.

C.E. "Ted" Bush III, president, is client contact.

The Capital Control Group

108 Wilmot Road, Suite 220, Deerfield, Ill. 60015; (312) 940-4901

The Capital Control Group Ltd. provides development of investment policies and objectives and asset allocation; U.S. manager evaluation and selection; and U.S. performance measurement and analysis.

The firm also provides hands-on assistance in the use of proper methodologies to establish goals and objectives, manager searches, monitoring and implementation.

The firm also provides brokerage and performance monitoring to the investment management industry.

The firm has special expertise in Taft-Hartley plans and maximization of returns while minimizing liabilities.

There are 35 retainer clients, 30 corporate and five union. The firm has provided services to 50 non-retainer clients in the past year, including 20 corporate and 10 union.

There are three professional consultants. Fees are paid in soft dollars.

Clients include Local 219 Plumbers and Pipefitters, Akron, Ohio, and Local 436 Teamsters, Cleveland.

Jay B. Rosen, president, is client contact.

Capital Management Sciences

10920 Wilshire Blvd., Suite 1203, Los Angeles, Calif. 90024; (213) 824-9715

Capital Management Sciences provides fixed-income and asset allocation software for immunization, indexation, cash matching, FASB, security valuation and structured management.

There are 126 clients. There are eight professional consultants. Fees are payable in hard and soft dollars.

Clients include Bankers Trust, Putnam Fixed Income, Chase Investors and TCW.

Laurie S. Adami, senior vice president, is client contact.

Capital Trust Co.

4380 S.W. Macadam Ave., Suite 450, Portland, Ore. 97201; (503) 228-2300

Capital Trust Co. provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; U.S. and foreign investment performance measurement; and analysis of U.S. investment performance. The firm also assists in the evaluation of custody, cash management and security lending options; evaluates non-traditional asset categories; and provides written analysis of special investment topics.

The firm has special expertise in setting investment objectives and policies; strategic allocation of funds among traditional and non-traditional asset classes; development of tactical asset allocation strategies on a retainer basis; and working with private asset bases, such as family groups, foundations and endowments.

Of the more than 17 clients on retainer, seven are corporate and one is public. The firm also provided services to more than eight non-retainer clients, including three corporate and one public.

There are five professional consultants. Fees are payable in hard and soft dollars.

As trustee, the firm offers seven pooled investment funds to small and midsize pension portfolios. It selects and monitors outside managers for the pooled funds and provides asset allocation strategies to the fund participants.

Clients include Colorado Public Employees, Pay Less Drug Stores and Pacific Power & Light.

Ralph C. Rittenour Jr., president, is client contact.

The Carmack Group Inc.

201 S. Lake Ave., Pasadena, Calif. 91101; (818) 449-0721

The Carmack Group Inc. provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; U.S. and foreign investment performance measurement; and analysis of U.S. investment performance. The firm also provides a

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graphics analysis system that is tailored to each portfolio.

The firm has special expertise in performance analysis and attribution.

It has 12 retainer clients, all corporate. The firm provided services to 11 non-retainer clients last year, including seven corporations.

There are 16 professional consultants. Fees are payable in hard and soft dollars.

Clients include Loyola Marymount University, Lear Siegler and Forstmann Little.

James A. Carmack, president, is client contact.

C&B Consulting Group

231 S. Bemiston, St. Louis, Mo. 63105; (314) 725-0114

C&B Consulting Group, a subsidiary of Corroon & Black Corp., provides development of investment policies and objectives and asset allocation; and U.S. manager evaluation and selection and performance measurement. The firm also provides GIC selection.

It has special expertise in actuarial/asset/liability analysis.

There are four professional consultants. Fees are payable in hard dollars.

J. Reuben Rigel, senior vice president, is client contact.

CDA Investment Technologies Inc.

11501 Georgia Ave., Silver Spring, Md. 20902; (301) 942-1700

CDA Investment Technologies Inc. provides development of asset allocation; U.S. manager evaluation and selection; measurement and analysis of U.S. investment performance; and analysis of manager style.

The firm has special expertise in online and personal computer systems and offers performance measurement and universe comparisons with color graphics.

There are more than 2,000 non-retainer clients, including 700 employee benefits sponsors.

There are six professional consultants. Fees are payable in hard and soft dollars.

John Lewis, director of marketing, is client contact.

Collins Associates

840 Newport Center Drive, Suite 660, Newport Beach, Calif. 92660; (714) 644-5771

Collins Associates provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. and foreign investment performance measurement and analysis.

The firm also manages a portfolio of 60 investment managers for 20 clients whose assets total approximately $33 billion. Six of the relationships are discretionary; 14 are advisory.

Of the 20 retainer clients, 16 are corporate.

There are seven professional consultants. Fees are payable in hard dollars.

Clients include Atlantic Richfield, FMC, Champion Spark Plug and Safeway Stores.

Budge Collins, president, is client contact.

Colonial Consulting Corp.

610 Fifth Ave., Suite 420, New York, N.Y. 10020; (212) 307-1830

Colonial Consulting Corp. Inc. provides development of policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. and foreign investment performance measurement and analysis. It also provides selection and evaluation of custody services.

The firm offers its endowment and foundation data base/index performance snapshot to the investment management industry.

It has special expertise in performance measurement.

Of the 10 retainer clients, one is corporate.

There are two professional consultants. Fees are payable in hard and soft dollars.

John K. Goodrich, president, is client contact.

Curuby & Co.

Hanawa Bldg., No. 808, 1-17-11 Otowa, Bunkyo-ku, Tokyo 112, Japan; 03-942-2607

Curuby & Co. focuses on assisting senior executives of investment management firms in developing and implementing their business plans regarding Japanese assets.

There are seven corporate retainer clients. The firm also provided services to five corporate non-retainer clients during the past year.

There are two professional consultants. Fees are payable in soft and hard yen.

George Curuby, principal, is client contact.

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Davies Investment Associates Inc.

P.O. Drawer 56246, Atlanta, Ga. 30343; (404) 525-7541

Davies Investment Associates Inc. provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. and foreign investment performance measurement and analysis.

It provides services as requested to the investment management industry.

Of the 10 retainer clients, five are corporate and five are public. The firm provided services to 15 non-retainer clients in the past year, including seven corporate, seven public and one union.

There is one professional consultant. Of its fees, 95% are paid in hard dollars and 5% in soft dollars.

Clients include the cities of Wichita and Sioux Falls.

James J. Davies, investment consultant, is client contact.

DeMarche Associates

1900 W. 47th Place, Suite 314, Westwood, Kan. 66205; and P.O. Box 7027, Kansas City, Mo. 64113; (913) 384-4994

DeMarche Associates provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. and foreign investment performance measurement and analysis.

The firm also offers fund transaction audits; real estate manager searches and ongoing performance measurement and evaluation; program sales; assistance with portfolio protection; techniques such as portfolio insurance, hedging, futures and options, GICs, dedicated or immunized portfolios and benchmark indexes.

The firm provides DeMarche Strategy Service, DeMarch Style Code Rating Service and Benchmark Indexes to the investment management industry.

The firm has special expertise in interpreting the market and manager styles and performance.

Of the 100 retainer clients, 53 are corporate, 22 public, four union and 21 foundation or endowment funds. The firm also provided services to 10 non-retainer clients during the past year — seven corporate and three public.

There are 15 professional consultants. Fees are payable in hard and soft dollars.

Clients include Quaker Oats, Inland Steel, Control Data and Outboard Marine.

Samuel T. DeKinder, executive vice president, is client contact.

Dorn & Helliesen Inc.

300 Tamal Plaza, Suite 270, Corte Madera, Calif. 94925; (208) 344-9200 and (415) 924-1200

Dorn & Helliesen Inc. provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and analysis of U.S. investment performance. U.S. performance measurement is provided through an affiliate.

Of the 13 retainer clients, nine are corporate, three are public and one is union. The firm provided services to five corporate non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard dollars.

Douglas Dorn, Robert Helliesen and John Early, principals, are client contacts.

Drexel Burnham Lambert

60 Broad St., 12th Floor, New York, N.Y. 10004; (212) 480-6000

Drexel Burnham Lambert Inc. provides development of investment policies and objectives; U.S manager evaluation and selection; and U.S. investment performance measurement and analysis.

The firm offers Asset Consultant Evaluator (A.C.E.), a disciplined approach to professional investment management, to the investment management industry. Consulting services provided include defining investment objectives and guidelines; identifying portfolio managers consistent with client needs and objectives; and quarterly evaluations of performance.

There are more than 500 retainer clients, including approximately 300 corporations. The firm also provided services to 2,000 non-retainer clients during the past year. Fees are payable in hard and soft dollars.

The firm offers a variety of investment services for funds not under professional management.

Ruth J. Harris, first vice president, is client contact.

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The Edgecombe Group

196 Adelaide St. W., Toronto, Ontario M5H 1W7; (416) 977-1980

The Edgecombe Group, a subsidiary of North American Life Assurance Co., provides development of investment policies and objectives, and real estate investment management in Canada.

It offers specialty management in real estate, syndication management and open- and closed-end real estate commingled pools.

The firm has special expertise in portfolio management, property management and investment origination.

Of the 63 retainer clients, 50 are corporate, nine are public and four are union. The firm also served 20 non-retainer clients in the past year; 18 corporate and two public.

There are nine professional consultants. Fees are payable in hard dollars.

The firm offers Edgefund Realty Investment Corp., First Edgecombe Pension Properties Ltd. and the Nalaco Real Estate Fund as investment vehicles.

Clients include Bell Canada, Honeywell, Air Canada and Northern Telecom.

Roderick A. Carr-Harris, vice president-marketing, is client contact.

Pensions & Investment Age will take a look at the issues facing public pension funds Nov. 30.

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363 Westchester Ave., Port Chester, N.Y. 10573; (914) 939-0200

Effron Enterprises Inc. provides U.S. and foreign performance measurement, analysis, diagnosis and accounting.

The firm offers a transaction accounting and reporting software system for client installation or on its online computer system. It also provides custom computer-related services for investment and financial analysis.

The firm has special expertise in portfolio performance analysis. It offers diagnostic tools to evaluate characteristics of an investment manager's approach to equity and fixed-income management.

There are 10 professional consultants. Fees are payable in hard or soft dollars.

Barry J. Effron, president, is client contact.

J.H. Ellwood & Associates
175 W. Jackson, Suite A-1827, Chicago, Ill. 60604; (312) 987-9008

J.H. Ellwood & Associates Inc. provides development of investment objectives and policies, and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. and foreign investment performance measurement and analysis.

The firm also provides master trust selection, record-keeper selection, insurance contract negotiation, definition of actuarial policy and funding objectives and monitoring of legal and plan accounting issues.

There are 50 retainer clients.

There are seven professional consultants. Fees are payable in hard dollars.

Clients include the Brown Group, the Lutheran Church — Missouri Synod and New Mexico Pipe Trades.

John H. Ellwood, president, is client contact.

Ennis, Knupp & Associates
11 S. LaSalle St., Suite 1440, Chicago, Ill. 60603; (312) 263-4300

Ennis, Knupp & Associates provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. and foreign investment performance measurement and analysis.

The firm also offers asset/liability duration analysis; dynamic hedging consulting; active manager diversification analysis; topical research; and contract analysis.

The firm has special expertise in real estate, foreign investments and mutual fund analysis.

Of the 27 retainer clients, 12 are corporate, four are public and three are union. The firm also provided services to 11 non-retainer clients during the past year, including one corporate and two public.

There are 13 professional consultants. Fees are payable in hard and soft dollars.

James F. Knupp, principal, is client contact.

Eppler, Guerin & Turner Inc.
2001 Bryan Tower, Suite 2626, Dallas, Texas 75201; (214) 880-9000

Eppler, Guerin & Turner Inc., a subsidiary of Principal Financial, provides development of investment policies and objectives and asset allocation; U.S. manager evaluation and selection; and U.S. investment performance measurement and analysis.

The firm provides portfolio analysis services to the investment management industry.

The firm has special expertise in manager selection and asset allocation.

Of the 23 retainer clients, 20 are corporate, two are public and one is a union. The firm provided services to eight non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include the City of Dallas and the H.E. Butt Grocery Co.

John A. Pickett, vice president, and Allan G. Restrepo, consultant, are client contacts.

The Etherington Group
522 University Ave., Suite 1200, Toronto, Ontario M5G 1W7; (416) 977-0350

The Etherington Group provides development of investment policies and objectives, and appropriate asset allocation.

There are five professional consultants. Fees are payable in hard and soft dollars.

David H. Garard, vice president-corporate pension and benefits division, is client contact.

Evaluation Associates Inc.
25 Sylvan Road S., Westport, Conn. 06880; (203) 226-7864

Evaluation Associates Inc., a subsidiary of MONY Financial Services, provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm also offers master trust evaluation and selection, and insurance contract negotiations.

The firm offers five publications to the investment management industry: "Investment Manager Profiles," "Small Equity Manager Profiles," "Real Estate Profiles," "International Manager Profiles" and "Insurance Contract Profiles."

The firm has special expertise in manager research and consulting in alternative investment areas, including real estate, international, options, futures, hedging techniques and venture capital.

Of the 51 retainer clients, 32 are corporate, five are public, two are union, six are foundations and six are eleemosynary. The firm also provided services to 10 non-retainer clients during the past year: eight corporate and two foundation.

There are nine professional consultants. Fees are payable in hard and soft dollars.

The firm offers 12 multiple manager mutual funds; a GIC collective trust; group trusts of small investment firms; an institutional timber fund; and an arbitrage fund.

William F. Brock, director of consulting, is client contact.

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2859 Paces Ferry Road, Suite 910, Atlanta, Ga. 30339; (404) 431-6080

Faulk & Co. Inc. provides development of policies and objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S and foreign investment performance.

The firm has special expertise in public pension funds.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Georgia Peace Officers Annuity & Benefit Fund, Alabama Peace Officers Annuity & Benefit Fund and the Georgia Firemen's Pension Fund.

Anne Faulk, president, is client contact.

Financial Control Systems

200 Chadds Ford Professional Center, Suite 214, P.O. Box 182, Chadds Ford, Pa. 19317; (215) 358-2400

Financial Control Systems Inc. provides development of investment policies and objectives; and U.S. investment performance measurement and analysis.

The firm also provides general ledger-based accounting for domestic and international pension plans; and audit trail/income verification/broker analysis/custodian analysis.

The firm offers investment accounting and financial reporting systems to the investment management industry.

The firm has special expertise in insurance company accounting and financial reporting.

Of the 20 retainer clients, 15 are corporate and five are public. The firm also provided services to five non-retainer clients during the past year, four corporate and one public.

There are seven professional consultants. Fees are payable in hard and soft dollars.

Clients include American Airlines, Campbell Soup, the City of Dallas and the Chicago Transit Authority.

Craig E. Heatter, senior vice president, is client contact.

First Financial Evaluation Services

9200 Shelbyville Road, Louisville, Ky. 40222; (502) 425-8011

First Financial Evaluation Services provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance. The firm also offers advisory services for participant distributions and plan dissolution.

There are 11 corporate retainer clients. The firm also provided services to six non-retainer clients during the past year: four corporate, one union and one endowment.

There are three professional consultants. Fees are payable in hard and soft dollars.

William E. Sawyer and Alan Griffes, vice presidents, and E.G. Lehman, president, are client contacts.

Gifford Fong Associates

1600 Riviera Ave., Suite 285, Walnut Creek, Calif. 94596; (415) 932-1910

Gifford Fong Associates provides development of investment policies and objectives and asset allocation; and U.S. investment performance measurement and analysis.

The firm also provides analytical tools for fixed-income and equity portfolio managers. The firm provides micro-based systems for the analytics of portfolio management, and offers assistance in application of research theory.

It has special expertise in fixed-income portfolio management and setting objectives.

Of the 120 retainer clients, 96 are corporate, 18 are public and six are union. The firm provided services to 15 non-retainer clients during the past year, 12 corporate and three public.

There are nine professional consultants. Fees are payable in hard and soft dollars.

Clients include CIGNA, Delaware Investment Management and the government of Singapore.

Tina Norris, vice president/applications consultant, is client contact.

Funds Decision Services

140 S. Lake Ave., Suite 250, Pasadena, Calif. 91101; (818) 795-5856

Funds Decision Services Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm also offers a 401(k) package and performance measurement for asset allocation accounts.

The firm offers marketing consulting, performance measurement, asset allocation and yield enhancement programs to the investment management industry.

The firm has special expertise in performance measurement of strategic asset allocation; consulting for emerging growth and international managers; and in 401(k) programs.

There are five corporate retainer clients. The firm also provided services to two non-retainer clients during the past year, one corporation and one association.

There are two professional consultants.

Fees are payable in hard and soft dollars.

Clients include H.S. Crocker, Earle M. Jorgensen and California Bankers Association.

The client contact is Jesse T. Ellington, vice president-sales and marketing.

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Hamilton & Co. Inc.

45 Rockefeller Center, New York, N.Y. 10020; (212) 397-5220; and 101 Carnegie Center, Princeton, N.J. 08540

Hamilton & Co. Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

There are 40 retainer clients.

There are seven professional consultants. Fees are payable in hard or soft dollars.

Clients include Pan Am, Teco and Fairfax County, Va.

Susan A. Crotty, vice president, is client contact.

Hammond & Hammond

P.O. Box 3567, Bellevue, Wash. 98009; (206) 451-2600

Hammond & Hammond, a subsidiary of Dean Witter Reynolds Inc., provides development of investment policies and objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm has special expertise in manager selection for accounts of $100,000 to $2 million.

Of the 40 retainer clients, 10 are corporate and 30 are public.

There are two professional consultants. Fees are payable in hard or soft dollars.

Craig A. Hammond, vice president-investments, is client contact.

Harris Trust and Savings Bank

111 W. Monroe St., Chicago, Ill. 60603; (312) 461-3873

Harris Trust and Savings Bank, a subsidiary of Harris Bankcorp, provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; U.S. performance measurement; and analysis of U.S. and foreign investment performance. The bank also offers Decision Impact Studies, which monitor the deployment of asset allocation and various investment policy decisions and their effects on the value of plan assets.

The firm offers consulting services that include analyses to help fund sponsors use active management effectively. Investment strategies are reviewed regularly. "Normal" portfolio construction forms a basis for these analyses.

Of the 10 retainer clients, nine are corporate and one is public.

There are five professional consultants. Fees are payable in hard or soft dollars.

Clients include Bell Atlantic and Manville Corp.

Young D. Chin, vice president, is client contact.

B. Hauptman & Associates

58 E. Burlington, Fairfield, Iowa 52556; (515) 472-8581

B. Hauptman & Associates Inc. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm has special expertise in equity management employing hedging strategies.

Of the 60 retainer clients, 15 are corporate and 45 are public. The firm provided services to 50 non-retainer clients in the past year, 10 corporate and 40 union.

There are three professional consultants. Fees are payable in hard and soft dollars.

The firm also offers a private investment fund, a segregated account program for smaller investors offering access to established management firms with high account minimums.

Bruce Hauptman, president, is client contact.

Hewitt Associates

100 Half Day Road, Lincolnshire, Ill. 60015; (312) 295-5000

Hewitt Associates provides development of investment policies and objectives and asset allocation; U.S. and foreign manager evaluation and selection; U.S. and foreign investment performance measurement; and analysis of U.S. investment performance.

The firm also offers asset/liability projections, insurance contract consulting, real estate and venture capital consulting.

The firm has special expertise in integrated projections of pension assets and liabilities.

Of the 40 retainer clients, 37 are corporate, one is public and two are union. The firm also provided services to 70 non-retainer clients during the past year, 63 corporate and two public.

There are 10 professional consultants. Fees are payable in hard and soft dollars.

Clients include AMP, Adolph Coors, Hershey Foods and Primerica.

Ronald Jones, partner, is client contact.

Holbein Associates Inc.

17636 Windflower, Dallas, Texas 75252; (214) 380-9246

Holbein Associates Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm offers risk posture research services, portfolio diagnostics and performance measurement to the investment management industry.

The firm has special expertise in the total asset planning and manager evaluation and selection process.

Of the six retainer clients, one is public and five are corporate.

There is one professional consultant. Fees are payable in hard and soft dollars.

Clients include the Teachers Retirement System of Texas, Club Corp. of America and American General.

Richard Holbein, president, is client contact.

E.F. Hutton Consulting Group

824 Market St., Wilmington, Del. 19801; (302) 573-5885

E.F. Hutton Consulting Group, a subsidiary of E.F. Hutton & Co. Inc., provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm also provides trust services through E.F. Hutton Trust Co.

The firm has special expertise in customized performance reporting and a proprietary investment manager evaluation service.

Of the 97 retainer clients, 20 are corporate, 33 are public and 25 are union. The firm provided services to 41 non-retainer clients in the past year: 15 corporate, 18 public and eight union.

There are 52 professional consultants. Fees are payable in hard and soft dollars.

Clients include Arch Mineral, Blue Cross & Blue Shield United of Wisconsin, Chicago Painters and Decorators and Dana Corp.

Edward L. Hayes, vice president, and David Shanahan, first vice president, are client contacts.

INDATA

High Ridge Park, Bldg. 5, Stamford, Conn. 06905; (203) 329-6100

INDATA, a service of Gordon, Haskett & Co., provides analysis of U.S. investment performance and foreign investment performance measurement.

It offers the IMS Investment Management System to the investment management industry. The system is a microcomputer-based portfolio management and security analysis system.

The firm has special expertise in comparative performance measurement, with weekly rankings within its 2,300-portfolio, $200 billion universe.

Of the 600 retainer clients, 27 are corporate, 16 are public and one is union.

There is one professional consultant. Fees are payable in soft dollars.

Steven N. Johnson, director of marketing, is client contact.

Institutional Asset Management

7557 Rambler Road, Suite 569, Dallas, Texas 75231; (214) 891-5666

Institutional Asset Management provides development of investment policies and objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm also offers manager selection for real estate and oil and gas investments.

The firm has special expertise in asset allocation, development of investment policies and U.S. manager evaluation and selection.

There are 10 corporate retainer clients. The firm provided services to 20 non-retainer clients during the past year, 18 corporate and two endowment.

There is one professional consultant. Fees are payable in soft dollars.

Anthony L. Schuman, managing director, is client contact.

Institutional Fund Consultants Inc.

2423 American Lane, Madison, Wis. 53704; (608) 244-3541

Institutional Fund Consultants Inc. provides development of investment policies and objectives, and asset allocation; U.S. manager evaluation and

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selection; and measurement and analysis of U.S. investment performance.

Of the 21 retainer clients, 20 are corporate and one is union. The firm has provided services to 10 corporate non-retainer clients during the past year.

There are two professional consultants. Fees are payable in hard and soft dollars.

Gordon L. King, president, and Kathleen Crowley, vice president, are client contacts.

Institutional Property Consultants Inc.

7 Piedmont Center, Suite 715, Atlanta, Ga. 30305; (404) 261-8049; and 4330 LaJolla Village Drive, Suite 310, San Diego, Calif. 92122; (619) 458-1120

Institutional Property Consultants Inc. offers development of investment policies and objectives, and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm also offers analysis of specified properties; portfolio analysis and restructuring; and definition and implementation of asset management policies and procedures.

The firm has special expertise in real estate transactions, development and management of property assets.

There are 24 retainer clients, of which seven are corporate, 16 public and one union.

There are four professional consultants. Fees are payable in hard and soft dollars.

Clients include California State Teachers' Retirement System, Federal Express, Wisconsin Investment Board and Dallas Employees' Retirement Fund.

Paul H. Saylor and Barbara R. Cambon, principals, are client contacts.

Investment Direction Associates

The Financial Center, Suite 900, Birmingham, Ala. 35203; (205) 250-5615

Investment Direction Associates provides development of investment policies and objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance. The firm also provides monthly performance reports.

The firm has special expertise dealing with account sizes of $500,000 to $20 million for professional corporations.

The firm provided services for 350 corporate non-retainer clients during the past year.

There are four professional consultants. Fees are payable in soft dollars.

John G. Brock, president, is client contact.

Investment Management Consultants

5555 San Felipe, Suite 1000, Houston, Texas 77056; (800) 833-5648 (Texas); (800) 325-0108 (outside Texas)

Investment Management Consultants, a subsidiary of Thomson McKinnon Securities Inc., provides development of investment policies and objectives, and asset allocation; U.S. and foreign manager evaluation and selection; U.S. and foreign investment performance measurement. Analysis of U.S. and foreign investment performance is done through its subsidiary, Performance Evaluation Resources Inc.

The firm also offers these services to the investment management industry.

The firm has special expertise in computerized daily portfolio monitoring and manager selection systems.

The firm provided services to 75 non-retainer clients during the past year, including 14 corporate and one public accounts.

There are two professional consultants. Fees are payable in soft dollars.

Clients include Walter P. Moore & Associates and the Texas City Firemen Relief Retirement Fund.

Ronald P. Schutz, vice president and director, is client contact.

Investment Management Consultants Inc.

2813 E. Camelback Road, Suite 400, Phoenix, Ariz. 85016; (602) 955-1540

Investment Management Consultants Inc., a subsidiary of Rowland-Carmichael, provides development of investment policies and objectives, and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

Of the 50 retainer clients, 42 are corporate and eight, union.

There are two professional consultants. Fees are payable in hard and soft dollars.

Timothy L. Rowland is client contact.

Pensions & Investment Age will take a look at the issues facing public pension funds in the Nov. 30 issue.

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J&L Investment Services
28570 Marguerite Parkway, Suite 201, Mission Viejo, Calif. 92692; (714) 364-5000

J&L Investment Services Inc., an affiliate of Jesup & Lamont Holding Co., provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. investment performance measurement and analysis.

The firm provides economic and market research and market timing services to the investment management industry.

It has special expertise in manager selection and 401(k) plans.

Of the 10 retainer clients, nine are corporate and one, union. The firm provided services to 22 non-retainer corporate clients during the past year.

There are two professional consultants in-house and 16 available through allied firms. Fees are payable in hard and soft dollars.

Clients include Healthwest Foundation, Sacramento Regional Transit, Del E. Webb Foundation and Pomona First Federal Savings & Loan.

Thomas C. Jones, president, is client contact.

Johnson & Higgins Willis Faber
595 Bay St., Toronto, Ontario M5G 2G9; (416) 595-2860

Johnson & Higgins Willis Faber provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; U.S. and foreign investment performance measurement; and analysis of foreign investment performance.

The firm publishes quarterly a Canadian pooled pension fund investment performance survey for the investment management industry.

There are two corporate retainer clients. The firm also provided services to 45 corporate non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard dollars.

Linda Grendon, assistant vice president, is client contact.

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Ronald A. Karp Associates
47 Maple St., Summit, N.J. 07901; (201) 522-1414

Ronald A. Karp Associates Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. investment performance measurement and analysis.

The firm has special expertise in asset allocation, real estate, international investments, IPG renegotiation and GICs.

There are 12 retainer clients. The firm also provided services to 10 non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Brockway, Kaiser Permanente Medical Group, Pennsylvania State Employes and Saatchi & Saatchi.

Ronald A. Karp, president, is client contact.

Kauffman & Drebing Advisors
230 S. Broad St., Philadelphia, Pa. 19102; (215) 546-8016

Kauffman & Drebing Advisors provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. investment performance measurement and analysis.

The firm has special expertise in the selection of managers for small and midsize pension funds, endowments and individuals.

There are two professional consultants. Fees are payable in hard dollars.

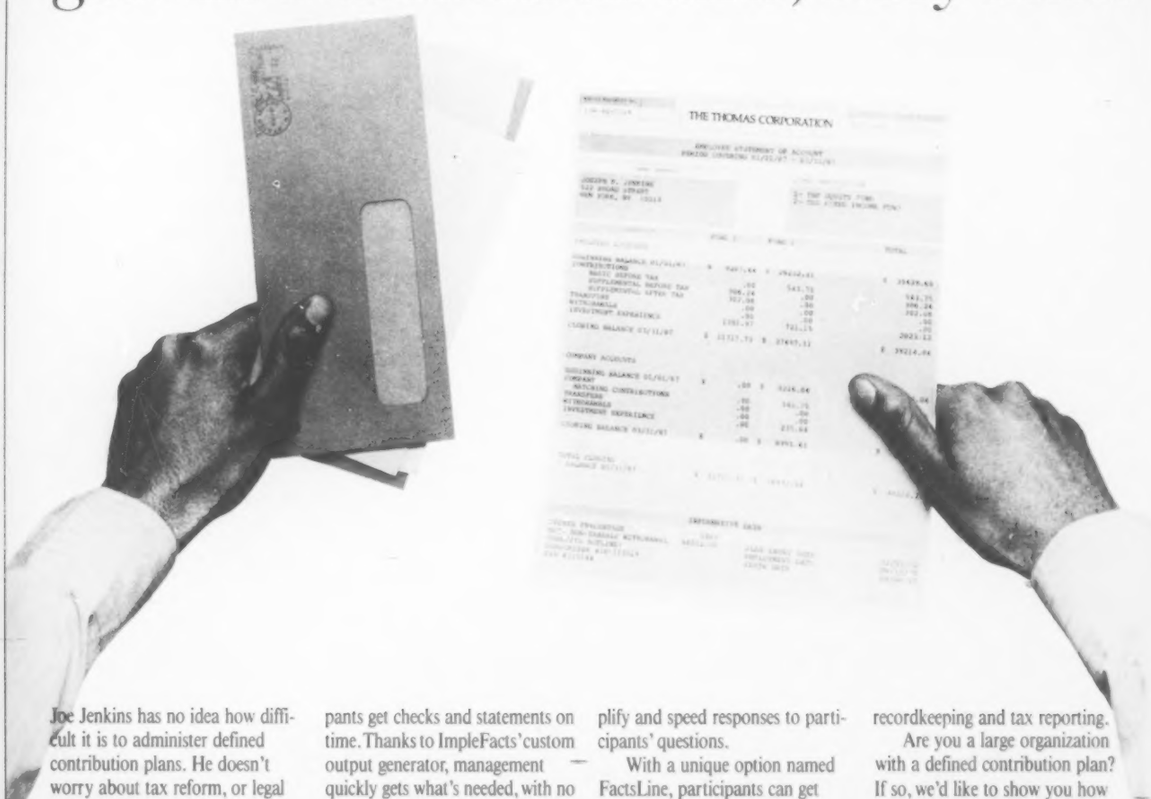
Barbara G. Drebing and Neil B. Kauffman, partners, are client contacts.

William T. Kennedy Inc.
300 W. Peachtree St. Suite 10G, Atlanta, Ga. 30308; (404) 523-8500

William T. Kennedy Inc. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and performance measurement and analysis of U.S. investment performance. The firm also gives presentations to boards of trustees, staff and educational training.

ImpleFacts—The Defined Contribution Administration System

Tax reform. Two major plans. 20,000 participants. But Joe Jenkins still gets his statement on time, every time.



Joe Jenkins has no idea how difficult it is to administer defined contribution plans. He doesn't worry about tax reform, or legal and regulatory changes that complicate an already complex problem. All he knows is that he always gets his statement on time.

Joe works for a large company that uses ImpleFacts to administer a defined contribution program with two major plans and 20,000 participants. Even the far-reaching effects of the new tax laws were taken in stride by this comprehensive software system from Erisco.

Not only do all 20,000 participants get checks and statements on time. Thanks to ImpleFacts' custom output generator, management quickly gets what's needed, with no special programming. This unique feature merges information from many sources, such as payroll, benefits, plan rules and participant accounts. Administrators can format and generate ad hoc reports, group summaries for example, by defining criteria online. They can amend plan changes online, or create reminders such as upcoming fund elections to be included as payroll stuffers. And they can design inquiry screens to simplify and speed responses to participants' questions.

With a unique option named FactsLine, participants can get routine account information via Touch-tone phone almost any time. It can cut administrative time and costs while improving service.

Since its introduction in 1972, the long-term benefits of ImpleFacts have been amply proved. The system's adaptability lets us make revisions and add enhancements when necessary. Its flexibility enables ImpleFacts to handle requirements ranging from 401(k)s, ESOPs and savings plans to loan recordkeeping and tax reporting.

Are you a large organization with a defined contribution plan? If so, we'd like to show you how ImpleFacts' timely, accurate recordkeeping can help you respond more quickly to participants, make payments faster and manage your plans more effectively.

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Now you can obtain both the software and the hardware from us, in a one-stop solution. You get all the flexibility and versatility of ImpleFacts, along with the modularity and performance of an IBM 9370. And from both companies comes a well-recognized, long-term commitment to customer service.

A total solution in a compact package.
The IBM 9370 fits easily in almost any office, with no special wiring or air conditioning. The modular design lets it grow along with your needs.

ImpleFacts and the IBM 9370—a dedicated solution for the many-faceted requirements of defined contribution recordkeeping.

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To learn more about ImpleFacts or other Erisco benefits software, call or write the Sales Department at Erisco, 1700 Broadway, New York, NY 10019, (212) 765-8500.

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RPI Institutional Services

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New York, NY 10016
212-986-7510

One Allen Center
Houston, TX 77002
713-655-8192

It provides total portfolio analysis, performance comparison to the INDATA universe, risk/reward analyses and rankings, manager selection and peer group performance comparisons to the investment management industry.

The firm has special expertise in selecting portfolios from the INDATA universe that have the same fundamental characteristics as portfolios under analysis for customized performance ranking. The firm also provides attribution analysis with time-weighted rates of returns by 10 sectors within each portfolio.

Of the 12 retainer clients, six are corporate and two are union. The firm provided services to 60 non-retainer clients in the past year, including 23 corporate and six public.

There is one professional consultant. Fees are payable in hard and soft dollars.

William T. Kennedy, president, is client contact.

Global institutional investors will be profiled March 21.

Kidder Peabody Prime Consulting Group

20 Exchange Place, New York, N.Y. 10005; (212) 510-5089

Kidder Peabody Prime Consulting Group, a subsidiary of General Electric Financial Services, provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; U.S. and foreign investment performance measurement; and analysis of U.S. investment performance.

The firm has special expertise in custom asset allocation studies.

Of the 125 retainer clients, 115 are corporate, five are public and five are union. The firm provided services to 150 non-retainer clients during the past year: 120 corporate, 15 public and 15 union.

There are nine professional consultants. Fees are payable in hard and soft dollars.

The client contacts are Natalka Bukalo, vice president, at (212) 510-5089, and Robert Padgette, vice president, at (404) 588-2343.

Larry Klotz & Associates

4126 Lake Shore Drive, New Buffalo, Mich. 49117; (616) 469-0204

Larry Klotz & Associates provides hedge manager selection and portfolio insurance selection and consulting. The firm has special expertise in futures and options and portfolio liquidation during manager changes.

There are three corporate retainer clients. The firm also provided services to three corporate, non-retainer clients during the past year.

There are two professional consultants. Fees are payable in hard and soft dollars.

Larry Klotz, principal, is client contact.

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Laventhol & Horwath

1845 Walnut St., Philadelphia, Pa. 19103; (215) 299-1700

Laventhol & Horwath provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and U.S. investment performance measurement and analysis.

The firm also provides real estate due diligence, market analysis, appraisal, valuation and construction consulting services, which it also offers to the investment management industry. The firm has special expertise in real estate.

Of the four retainer clients, two are corporate, one is public and one is union. The firm also provided services to two non-retainer clients during the past year, one corporate and one public. Fees are payable in hard and soft dollars.

Clients include Allied-Signal and the Massachusetts Bay Transit Authority.

J. Richard Rosenberg, director of pension advisory services, is client contact.

Lehrer Development and Investments

5555 Del Monte Drive, Suite 802, Houston, Texas 77056-4105; (713) 777-6777 and (713) 626-8184

Lehrer Development and Investments provides development of investment policies, objectives and asset allocation; and U.S. and foreign manager evaluation and selection. The firm also provides market analysis, feasibility reports, specific property reviews and real estate business plans.

The firm provides specific property review reports, feasibility analysis, market analysis, investment and portfolio analysis and institutional documentation to the investment management industry and has special expertise in these areas.

The firm provided services to 20

non-retainer clients during the past year, 18 of which are corporate and two, public.

There are two professional consultants. Fees are payable in hard dollars.

Clients include Kaplan Management, Federal Home Loan Bank Board and Curtis International.

Kenneth Eugene Lehrer, managing partner, is client contact.

Lipper Consulting Services

69 New England Ave., Summit, N.J. 07726; (201) 522-1248

Lipper Consulting Services provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation, selection; and U.S. and foreign investment performance measurement and analysis. The firm also provides mutual funds and closed-end investment companies selection and strategy formulation.

The firm publishes 10 reports for the investment management industry on fund performance, portfolio characteristics, fund fee and expense analysis, the brokerage industry and convertible securities.

The firm has special expertise in mutual funds and closed-end investment companies. An affiliate tracks the performance of more than 3,000 domestic and overseas investment companies, evaluates their portfolios and analyzes related data.

There are five retainer clients. The firm also provided services to 10 non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard or soft dollars.

Lipper Advisory Services Inc., an affiliate, is a registered investment adviser providing investment management services to pension funds, endowments and foundations. Portfolio assets are exclusively invested in funds.

Henry Shilling, director of marketing, is client contact.

Lowry, Raclin, Harrell & Howerdd

12700 Park Central Place, Suite 1912, Dallas, Texas 75251; (214) 387-9821

Lowry, Raclin, Harrell & Howerdd offers development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. The firm also offers a system that tests the client's actuarial policy and pension investment strategy to determine their impact on earnings per share under FASB 87. The system can test the impact on earnings per share of any investment advisory product.

The firm has special expertise in a cost reduction methodology using the integration of actuarial and investment policies while measuring complementary investment styles and performance over long periods.

There are 69 retainer clients, of which 64 are corporate, two, union and three, foundation.

There are eight professional consultants. Fees are payable in hard and soft dollars.

Clients include Black & Decker Manufacturing, Campbell Soup, Emerson Electric and Potomac Electric Power.

Linda Ellis, vice president, is client contact.

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Marquette Associates Inc.

2 First National Plaza, Chicago, Ill. 60603; (312) 346-7200

Marquette Associates Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. It also offers dividend and interest and commission rate audits.

The firm provides investment manager performance audits and analyses in conjunction with a Big Eight accounting firm to the investment management industry.

The firm has special expertise in asset allocation.

There are 14 retainer clients, 11 corporate, two public and one union. The firm also provided services to three non-retainer clients during the past year, two corporate and one public.

There are three professional consultants. Fees are paid in hard dollars and in soft dollars.

Anne Werner, vice president, is client contact.

Marquette Bank Minneapolis

6th and Marquette, Minneapolis, Minn. 55118; (612) 341-7914

Marquette Bank Minneapolis provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The bank also provides custodial services, mutual fund accounting and employee benefit record-keeping to the investment management industry.

The bank provided services to 50 non-retainer clients during the past year, 45 corporate, three public and two union.

The bank offers common trust funds for employee benefit clients.

Andrew Freeman, trust sales officer, is client contact.

James P. Marshall Inc.

10 King St. E., 10th Floor, Toronto, Ontario M4N 1K9; (416) 361-0225

James P. Marshall Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. The emphasis is on Canadian managers.

The firm provides services primarily to pension sponsors, but also conducts surveys and does special reports for the investment management industry.

Its special expertise is in development of investment policies, manager selection and performance and needs monitoring.

Of the 25 retainer clients, 16 are corporate, four are public and five are union. The firm also provided services to 10 non-retainer clients during the past year, five corporate, two public and three union.

There are five professional consultants. Fees are payable in hard dollars.

Clients include Coca-Cola, Navistar, Westinghouse Canada and Lafarge.

M. Ann Marshall, president, is client contact.

James Meketa Associates

1029 Beacon St., Newton Centre, Mass. 02159; (617) 964-0375

James Meketa Associates Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. The firm also develops proprietary investment software products.

The firm has special expertise in the development and coordination of multi-manager investment plans.

There are 10 retainer clients: six corporate, three union and one endowment. The firm also provided services to seven non-retainer clients during the past year, including three corporate and two union accounts.

There are six professional consultants. Fees are payable in hard dollars.

Clients include Northwest Airlines, Ohio Laborers' Pension Fund and GNB Inc.

John A. Denney, vice president, is client contact.

Wm. M. Mercer-Meidinger-Hansen Inc.

1417 Lake-Cook Road, Deerfield, Ill. 60015; (312) 948-7400

Wm. M. Mercer-Meidinger-Hansen Inc., a subsidiary of Marsh & McLennan, provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm also offers transaction cost evaluation of U.S. equity managers and asset/liability modeling.

The firm has special expertise in asset/liability modeling, international manager selection and transaction cost evaluation.

The firm has 150 retainer clients, including 70 corporate, 30 public and 20 union. The firm also provided services to 450 non-retainer clients during the past year, including 250 corporate, 75 public and 50 union.

There are 45 professional consultants. Fees are payable in hard dollars.

Clients include the State of Arizona, Arthur Andersen, Ralston Purina and the Major League Baseball Players Association.

S.A. Lincoln, managing director, is client contact.

Merrill Lynch Consulting Services

P.O. Box 9017, Princeton, N.J. 08543; (609) 282-1477

Merrill Lynch Consulting Services, a subsidiary of Merrill Lynch, Pierce, Fenner & Smith, provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

Fees are payable in hard and soft dollars.

Philip Sloan, vice president and manager, is client contact.

Money Manager Research

875 Prospect St., La Jolla, Calif. 92037; (800) 854-1517 (outside California); (800) 221-2295 (California)

Money Manager Research provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm offers international quotations, performance monitoring, management search and referral services to the investment management industry.

It has special expertise in management firm audits, referrals, investment committee consulting and investment plan auditing and consulting.

Of the 97 retainer clients, 43 are corporate and 54 are public. The firm also provided services to 19 non-retainer clients during the past year: seven corporate, 10 public and two union.

There are eight professional consultants. Fees are payable in hard and

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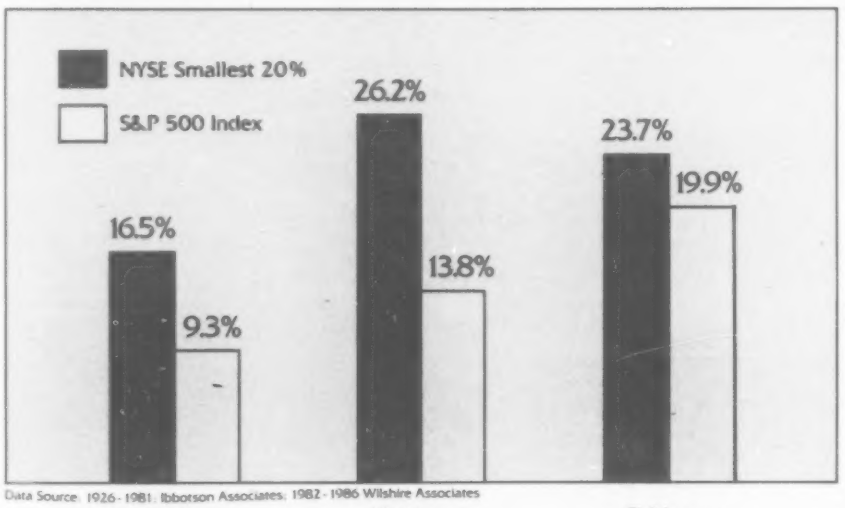

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Clients include the International Brotherhood of Electrical Workers and Grove Chemical.

Donald Davis, first vice president, is client contact.

Monitoring and Evaluation Services Inc.

3375 Park Ave., Suite 3006, Wantagh, N.Y. 11793; (516) 781-2000

Monitoring and Evaluation Services Inc. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm offers the reporting of composite returns from its tax-exempt fund data base to the investment management industry.

The firm has special expertise in quarterly and annual computer-generated performance measurement reports, using a data base of more than 6,000 equity, fixed-income and balanced tax-exempt funds.

Of the seven retainer clients, one is public and six are union. The firm provided services to five non-retainer union clients during the past year.

There are two professional consultants. Fees are payable in soft dollars.

Clients include New York City Uniformed Fire Officers Local 854; New York City Detectives Endowment Association; Communications Workers of America Local 1101; and the New York City Housing Patrolmen's Benevolent Association.

John T. Renck, president, is client contact.

Morgan Keegan & Co. Inc.

50 N. Front St., Memphis, Tenn. 38103; (901) 529-3797

Morgan Keegan & Co. Inc provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. It also offers pension plan design, installation and administration.

The firm offers equity and fixed-income research to the investment management industry.

Its special expertise is in performance measurement and manager evaluation and selection.

Of the eight retainer clients, six are corporate, one is public and one is an endowment. The firm also provided services to 100 non-retainer clients during the past year: 80 corporate, five public, eight union and seven endowment.

There are seven professional consultants. Fees are payable in hard and soft dollars.

J. Blake Taylor, assistant vice president, is client contact.

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New England Pension Consultants

Church Green, 101 Summer St., Boston, Mass. 02110; (617) 348-2950

New England Pension Consultants provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. The firm also provides custodial audits.

It offers investment performance and analysis and special research studies to the investment management industry.

It has special expertise in hedging strategies, structured portfolios and Taft-Hartley consulting.

There are three professional consultants. Fees are payable in hard and soft dollars.

Richard M. Charlton, president, is client contact.

The Nottingham Co.

105 N. Washington St., P.O. Drawer 8315, Rocky Mount, N.C. 27804; (919) 972-9922

The Nottingham Co. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; U.S. performance measurement and analysis; and foreign investment performance analysis.

The firm also offers assistance with the design of qualified plans and individual trusts; identification of appropriate professional counsel; and identification of appropriate administrative, custodial and trustee services.

The firm offers soft-dollar, third-party research and equipment to the investment management industry and is developing a series of mutual funds to act as sponsor and underwriter.

The firm has special expertise in retirement plan design and implementation; cost benefit analysis of alternatives; and awareness of investment alternatives.

There are 50 corporate retainer clients. The firm also provided services to 15 corporate non-retainer clients during the past year.

There are two professional consultants. Fees are payable in hard and soft dollars.

Frank P. Meadows III, president, is client contact.

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The Option Consulting Group Inc.

17 Madison Ave., Port Chester, N.Y. 10573; (914) 939-1543

The Option Consulting Group Inc. provides the development of investment policies, objectives and asset allocation; and measurement and analysis of U.S. and foreign investment performance. The firm also provides market simulation research and owns extensive historical stock, option and index data bases and quantitative simulation models for strategy evaluation.

The firm provides historical strategy simulation models and option overwriting and mathematical asset allocation optimizers to the investment management industry.

It has special expertise in U.S. stock options, and it installs high-speed links from satellite quote systems to client computers for complex real-time trading strategies.

There are five corporate retainer clients. The firm provided services to two corporate non-retainer clients in the past year.

There are five professional consultants. Fees are payable in hard and soft dollars.

The firm licenses four proprietary investment products: option overwriting; currency optimization; global asset optimization; and equity optimization.

Clients include Balch, Hardy & Scheinman and the International Option Investment Trust.

Kurt G. Hiebaum, president, is client contact.

Orben Associates Inc.

40 Wall St., New York, N.Y. 10005; (212) 269-9191

Orben Associates Inc. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and U.S. investment performance measurement.

The firm has special expertise in asset allocation and quantification of investment objectives.

The firm provided services to eight corporate non-retainer clients during the past year.

There are two professional consultants. Fees are payable in hard dollars.

Jack R. Orben, president, is client contact.

The 1,000 largest funds will be profiled in the Jan. 25 issue.

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P

PaineWebber inc.

1285 Avenue of the Americas, New York, N.Y. 10019; (212) 713-2625; 1 Greenway Plaza, Houston, Texas 77046; (713) 993-7233

PaineWebber Inc. provides development of investment policies and objectives; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The Houston office also provides development of asset allocation; searches for plan administrators; assistance in managing short-term cash; and searches for short-term cash managers.

The firm has special expertise in plans with assets of $250,000 to $25 million; and with performance measurement and adviser searches.

There are 12 professional consultants. Fees are payable in soft dollars.

The Houston office offers full trustee services for qualified plans of more than $50,000 in assets.

Jennifer P. Schiffman, vice president, is client contact in New York. Frank Savage, vice president-investments, is the client contact in Houston.

Peat Marwick

345 Park Ave., New York, N.Y. 10154; (212) 872-5973

Peat Marwick provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm also provides investment performance attestation on manager return data to the investment management industry.

The firm has special expertise in investment policy, manager searches — especially international managers, and monitoring.

There are 10 professional consultants. Fees are payable in hard and soft dollars.

Clients include Blue Cross and Blue Shield of North Carolina, Capital Blue Cross, Carlisle Companies and Girl Scouts of the U.S.A.

Evelyn Morgner, senior manager, is client contact.

Pension Realty Advisors Inc.

100 Spear St., San Francisco, Calif. 94105; (415) 896-0900

Pension Realty Advisors Inc. provides development of investment policies, objectives and asset allocation; U.S. real estate manager evaluation and selection; U.S. investment performance measurement; and analysis of U.S. real estate investment performance.

The firm provides consulting and also publishes its "Closed End Realty Fund Report" quarterly for the investment management industry.

The firm has special expertise in real estate investment planning, program management and independent fiduciary representation.

The firm has eight retainer clients: of which one was corporate, six were public and one, union. It also served seven non-retainer clients in the past year, four of which were corporate and three, union.

There are six professional consultants. Fees are payable in soft and hard dollars.

Clients include the New York State Common Retirement Fund and Alaska Permanent Fund.

William L. Ramseyer, president, is client contact.

Pension Consulting Services

201 E. Fifth St., Suite 1500, Cincinnati, Ohio 45202; (513) 762-7414

Pension Consulting Services, a subsidiary of Prescott, Ball & Turben Inc., provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm has special expertise in risk analysis and special report customization.

Of its 40 retainer clients, 23 are corporate, one is public, five are union and 12 are endowments. The firm also provided services to 10 non-retainer clients during the past year, six of which were corporate, two were public and two, union.

There are four professional consultants. Fees are payable in hard and soft dollars.

Clients include the Michigan State University Foundation and the Indiana Statewide Rural Electric Co-op.

H. Bradley Eden, director, is client contact.

Pension Investors Securities

1180 Spring Centre South Blvd., Suite 225, Altamonte Springs, Fla. 32714; (305) 869-4233

Pension Investors Securities Corp. provides development of investment policies, objectives and asset allocation.

The firm develops and implements five-year financial plans for small to medium-sized pension plans and has special expertise in asset allocation and investment program selection.

The firm provided services to 205 non-retainer clients during the past year, of which 202 were corporate and three, union.

There are eight professional consultants. Fees are payable in hard and soft dollars.

Fred A. Forbes, president, is client contact.

Performance Analysis Group

300 Gem Plaza, Dayton, Ohio 45402; (800) 223-0644

Performance Analysis Group, a subsidiary of Shearson Lehman Brothers/American Express, provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; limited foreign manager evaluation and selection; and U.S. performance measurement and analysis. The firm also provides custody insured to $10 million and assists in selecting plan administrators.

Of the 114 retainer clients, 85 are corporate.

There are two professional consultants. Fees are payable in soft dollars.

Clients include the Dayton Philharmonic, Tait Foundation and Stop & Go.

William T. Leakas, senior vice president and financial consultant, is client contact.

Performance Analytics Inc.

30 S. Wacker Drive, Suite 1502, Chicago, Ill. 60606; (312) 930-9560

Performance Analytics Inc. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

It provides limited evaluation services to the investment management industry.

The firm has special expertise in manager selection based on style and tilting of managers based on style and asset allocation.

There are four professional consultants. Fees are payable in hard and soft dollars.

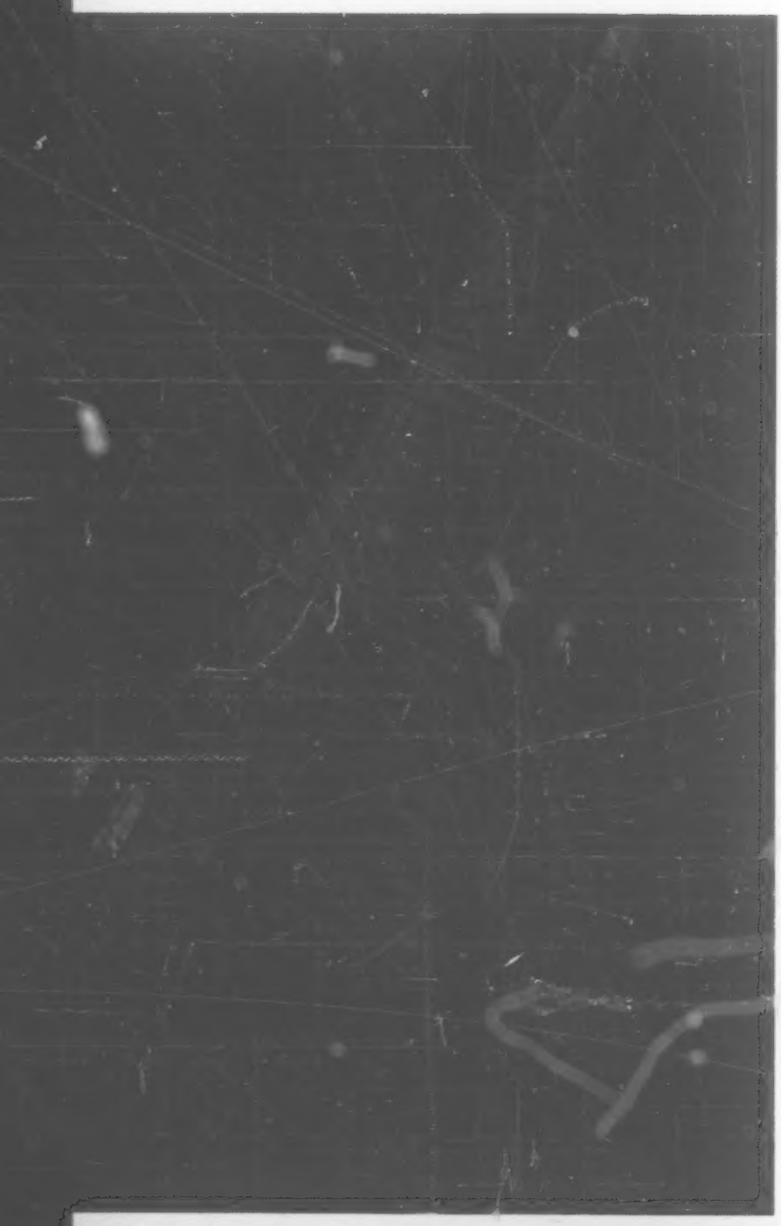
Clients include IC Industries, Ralston Purina, May Co. and Sears.

William G. Lowery, principal, is client contact.

Performance Evaluation Resources Inc.

1 State Street Plaza, New York, N.Y. 10004; (212) 482-5808

Performance Evaluation Resources Inc., a subsidiary of Thomson McKinnon Inc., provides development of investment policies, objectives and asset allocation; U.S. and foreign manager



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The firm offers performance measurement and evaluation and consistency analysis to the investment management industry.

It has special expertise in consistency analysis, peer group analysis and comparative background tailored to the client's asset allocation.

The firm has 12 corporate retainer clients. It also provided services to three non-retainer clients during the past year, two of which were corporate and one, public.

There are three professional consultants. Fees are payable in hard and soft dollars.

Sheila Warner, vice president, is client contact.

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The Plan Sponsor Network Inc., a joint venture of Berg Fiduciary Consultants and Effron Enterprises Inc., provides on-line access to data on more than 500 U.S. managers and 75 international/global managers via personal computer.

Access is limited to pension plan sponsors, boards of trustees and consultants. There are more than 35 subscribers.

Fees are payable in hard and soft dollars.

Paul E. Berg, chairman, is client contact.

Portfolio Management Consultants Inc.

1113 Spruce St., Boulder, Colo. 80302; (303) 444-8471

Portfolio Management Consultants Inc. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm provides investment performance analysis and evaluation to the investment management industry.

It has special expertise in manager searches and performance measurement.

There are four professional consultants. Fees are payable in hard and soft dollars.

Kenneth S. Phillips, president, is client contact.

Prudential-Bache Securities Investment Management Consulting Services

100 Gold St., New York, N.Y. 10038; (212) 406-6110

Prudential-Bache Securities Investment Management Consulting Services, a subsidiary of Prudential Insurance, provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm has special expertise in the development of investment policy statements, manager search and selection and investment performance reviews.

Of the 260 retainer clients, 140 are corporate, 30 are public and 40 are union.

There are 22 professional consultants. Fees are payable in hard and soft dollars.

Clients include BIC Pen, Michigan Milk Producers, Hawaii Laborers and the Archdiocese of San Francisco.

Victor P. Rosasco, senior vice president and national director, and Kathleen W. Ferguson, associate vice president and assistant department manager, are client contacts.

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Quan-Vest Consultants Inc.

390 Plandome Road, Manhasset, N.Y. 11030; (516) 365-4619

Quan-Vest Consultants Inc. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm provides new product development for the investment management industry.

It has special expertise in performance attribution and short-term asset allocation.

Of the 23 retainer clients, six are corporate, one is public and 16 are union. The firm also provided services to one union non-retainer client during the past year.

There are three professional consultants. Fees are payable in hard dollars.

Clients include Uniformed Fire Officers, National Maritime Union, Textile Workers Union and Amalgamated Clothing Workers.

Anthony F. Lotruglio, president, is client contact.

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Refco Pension Investment Programs Monitoring & Evaluation Services Inc.

One World Financial Center, 200 Liberty St., Tower A, New York, N.Y. 10281; (212) 385-8471

Refco Pension Investment Programs Monitoring & Evaluation Services Inc., a subsidiary of Refco Capital, provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm also provides transaction cost analysis, training programs, futures and options performance measurement, analysis of hedging programs, and GNMA and bond swap analysis.

It has special expertise in transaction cost analysis, diagnostic performance measurement, research projects, hedging strategy analysis and futures and options.

There are 12 professional consultants. Fees are payable in hard and soft dollars.

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Joseph Adler, 195 Church Street, New Haven, CT 06510, (203) 865-1161
Roy Browning, 777 Taylor Street, Fort Worth, TX 76102, (817) 336-8701
Gene Gilbert, 111 East Wisconsin Ave., Milwaukee, WI 53202, (414) 271-7605
Dan Haines/ Vincent Karl, One Plaza West, Mill Plain Road, Danbury, CT 06810, (203) 744-7170
John Kramer, Grosvenor Center, Suite 1660, Honolulu, HI 96813, (808) 547-5200
Harold F. Rossen, 200 Renaissance Center, Suite 3505, Detroit, MI 48243, (313) 259-5000
Robert Rowe, One South Wacker Drive, Suite 2900, Chicago, IL 60606, (312) 630-7000
Jerry Porter, 231 S. Bemiston Ave., Suite 1400, St. Louis, MO 63105, (314) 721-9200
Ron Procter, 370 17th Street, Suite 3900, Denver, CO 80202, (303) 592-5800

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Ronald K. Brandes, managing director, is client contact.

Richards & Tierney Inc.

111 W. Jackson Blvd., Chicago, Ill. 60604; (312) 461-1100

Richards & Tierney Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection and performance measurement; and analysis of U.S. investment performance.

The firm also provides pension fund performance analysis regarding investment policy, structure, management and strategy.

The firm offers design, construction, maintenance and analysis of benchmark portfolios to the investment management industry.

It has special expertise in building and using benchmark portfolios and designing and managing its Dynamic Completeness Fund.

Of the 24 retainer clients, 21 are corporate and three are public. The firm also provided services to one corporate non-retainer client during the past year.

There are three professional consultants. Fees are payable in hard and soft dollars.

Its investment vehicles include the Dynamic Completeness Fund and the Passive Core Fund.

Clients include Air Products and Chemicals, the Commonwealth of Virginia, Delta Air Lines and Fidelity Management Trust.

Thomas M. Richards, principal, is client contact.

Robinson-Humphrey Co.

3333 Peachtree Road N.E., Atlanta, Ga. 30326; (404) 266-6542

The Robinson-Humphrey Co. Inc., a subsidiary of Shearson Lehman Brothers Inc., provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm also provides employee benefit plan design consultation.

It offers research, block trading and securities custody to the investment management industry.

The firm has special expertise in managers based in the Southeast.

The firm provided services to 1,200 non-retainer clients during the past year, of which 900 were corporate, 200 were public and five, union.

There are five professional consultants. Fees are payable in hard and soft dollars.

The firm offers a comprehensive spectrum of investment vehicles.

Michael L. Bolen, vice president, is client contact.

Rogers, Casey & Barksdale

29 Federal St., Stamford, Conn. 06901; (203) 356-9400

Rogers, Casey & Barksdale Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. It also provides direct supervision of specialized investment programs.

The firm offers specialized research projects to the investment management industry.

It has special expertise in financial planning and multiple manager programs.

Of the 28 retainer clients, 26 are corporate and two are public. The firm also provided services to eight corporate non-retainer clients during the past year.

There are seven professional consultants. Fees are payable in hard dollars.

John F. Casey, president, and James F. Beasley, chief operating officer, are client contacts.

The Brian Rom Corp.

860 Fifth Ave., New York, N.Y. 10021; (212) 724-7535

The Brian Rom Corp. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. investment performance measurement and analysis.

The firm also provides assistance in establishing and maintaining South Africa-free portfolios. The firm is the publisher of SAFE, the South Africa Free Equity universe.

It offers performance information on South Africa-free portfolios to the investment management industry.

Its special expertise is in investment policy development, performance monitoring and South Africa-free portfolios.

The firm has four clients on retainer, of which one is corporate and two are endowments. It also provided services for nine non-retainer clients, of which six are corporate and one is an endowment.

There are four professional consultants.

Clients include the Peter J. Schmitt Co. and the University of Pennsylva-

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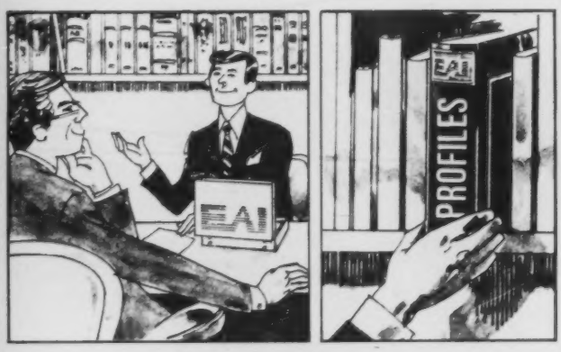

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Brian M. Rom, president, is client contact.

Rotan Mosle Managed Account Group

700 Louisiana, Suite 3700, Houston, Texas 77002-2731; (713) 236-3000

Rotan Mosle Managed Account Group, a subsidiary of PaineWebber Inc., provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S investment performance.

The firm also provides evaluation of risk management systems and return attribution analysis; studies of plan constraints; and master trustee/custodian selection.

The firm has special expertise in funds with assets between $1 million and $75 million, focusing on investment policy analysis, customized performance standards, transaction analysis and specialized studies.

Of the 50 retainer clients, 30 are corporate, 15 are public and five are union. The firm also provided services to 75 non-retainer clients during the past year — 45 corporate, 20 public and 10 union.

There are 10 professional consultants. Fees are payable in hard and soft dollars.

Investment management services are available through Mitchell Hutchins Asset Management, a division of the parent company.

Betty Gragg, senior vice president, is client contact.

Roulac Real Estate Consulting Group

50 California, Suite 1300, San Francisco, Calif. 94111; (415) 433-0300

Roulac Real Estate Consulting Group, a subsidiary of Deloitte Haskins & Sells, provides development of real estate investment policies, objectives and asset allocation; U.S. and foreign real estate manager evaluation and selection; and measurement and analysis of U.S. and foreign real estate investment performance.

The firm offers strategic planning, product development and general real estate consulting services and publications to the investment management industry.

It has special expertise in real estate strategy and policy development; real estate manager selection; property and transaction analysis; and performance measurement.

There is one public retainer client. The firm provided services to 50 non-retainer clients during the past year, of which 47 were corporate and three, public.

There are 40 professional consultants. Fees are payable in hard dollars.

Clients include the California Public Employees' Retirement System.

Jake Young, senior manager, is client contact.

Rubidge Associates

123 W. Franklin St., Chapel Hill, N.C. 27514; (919) 929-2054

Rubidge Associates provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

There are four retainer clients. The firm also provided services to two non-retainer clients during the past year.

There is one professional consultant. Fees are payable in hard dollars.

D. Bruce Rubidge, principal, is client contact.

Frank Russell Co.

1100 First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-9500

Frank Russell Co. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analyses of U.S. and foreign investment performance.

The firm also provides Russell real estate and equity market indexes; special research and development projects; analytical software; real estate manager evaluation and selection; and asset/liability modeling.

There are more than 40 retainer clients. There are 128 professional consultants.

The firm also offers investment management through two subsidiaries: Frank Russell Trust Co. and Frank Russell Investment Management Co.

Tony Whatley, director of marketing, is the client contact.

S

Richard Schilffarth & Associates Ltd.

1201 N. Prospect Ave., Milwaukee, Wis. 53202; (414) 276-4140

Richard Schilffarth & Associates Ltd. provides development of investment policies and objectives; U.S. and foreign manager evaluation and selection; and U.S. and foreign performance measurement.

The firm provides manager search information and fund analysis/performance reviews to the investment management industry.

It has special expertise in research of investment managers.

There are five professional consultants. Fees are payable in hard and soft dollars.

Raymond C. Krieg, vice president, is client contact.

Segal Advisors Inc.

730 Fifth Ave., New York, N.Y. 10019; (212) 586-5600

Segal Advisors Inc., a subsidiary of Martin E. Segal Co., provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. The firm also offers brokerage commission management fee evaluation and master trust service analysis.

Its special expertise is in relating investment programs to actuarial characteristics of benefit plans.

There are more than 50 retainer clients. The firm also provided services to 25 non-retainer clients during the past year.

There are 12 professional consultants. Fees are payable in hard dollars.

Martin Levenson, senior vice president and actuary, is client contact.

SEI Corp.

680 E. Swedesford Road, Wayne, Pa. 19087; (215) 254-1000

SEI Corp. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm also provides master trustee evaluation and selection; trading cost evaluation and consulting; and topical consulting on pension and investment issues.

It offers performance consulting and measurement, trading cost evaluation and consulting, and marketing and business consulting to the investment management industry.

SEI has special expertise in performance measurement, manager selection, FASB considerations and investment policy planning.

Of the 60 retainer clients, 30 are corporate, 20 are public and 10 are union. The firm also provided services to 800 non-retainer clients during the past year, of which 400 were corporate, 270 were public and 130, union.

There are 45 professional consultants. Fees are payable in hard and soft dollars.

Clients include Army and Air Force Exchange, State of Florida, Halliburton and Louisiana State Employees.

Edward Loughlin, senior vice president, is client contact at (215) 254-1991.

Select Benefits Inc.

2400 Dain Tower, Minneapolis, Minn. 55402; (612) 371-2230

Select Benefits Inc., a subsidiary of Dain Bosworth Inc., offers development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance. The firm also offers administrative services, such as plan participant record-keeping.

It also administers small pension plans for investment management firms.

It has special expertise in record-keeping and plan asset consulting.

There are 58 corporate retainer clients. There are three professional consultants. Fees are payable in hard and

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Clients include Inter-Regional Financial Group, Red Owl Stores and Rauscher Pierce Refsnes.

Ernest Andberg, vice president-investment services, is client contact.

Sentinel Investment Management Corp.

34 S. Broadway, White Plains, N.Y. 10601; (914) 683-3970

Sentinel Investment Management Corp. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm has special expertise with closely held corporations.

There are 35 retainer clients.

There are three professional consultants. Fees are payable in hard dollars.

Lawrence Eichler, president, is client contact.

Jeffrey Slocum & Associates

5200 W. 73rd St., Minneapolis, Minn. 55435; (612) 893-1955

Jeffrey Slocum & Associates Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

Its expertise is in its asset allocation, performance measurement and performance analysis capabilities.

Of the 30 retainer clients, 19 are corporate and four are union. The firm also provided services to seven non-retainer clients during the past year, of which four were corporate, one was public and one, union.

There is one professional consultant. Fees are payable in hard and soft dollars.

Clients include the State of Iowa, Blue Cross & Blue Shield of Minnesota, Amherst H. Wilder Foundation and Marquette Bank Minneapolis.

Jeffrey C. Slocum, president, is client contact.

Smith Hayes Financial Services Corp.

780 NBC Center, Lincoln, Neb. 68508; (402) 476-3000

Smith Hayes Financial Services Corp. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance.

The firm offers brokerage in stocks and bonds and dealer markets in corporate, municipal and governments to the investment management industry.

It has special expertise in the development of investment plans and the selection of managers to meet objectives.

There are 10 corporate retainer clients. The firm also provided services to 28 non-retainer clients during the past year, of which 10 were corporate and 18, public.

There are nine professional consultants. Fees are payable in hard and soft dollars.

W.F. Groszkruger, president, is client contact.

Southeastern Advisory Group Inc.

10 Piedmont Center, Suite 302, Atlanta, Ga. 30305; (404) 237-3156

Southeastern Advisory Group Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm also provides custodian bank audits and transaction cost and trading execution evaluations.

The firm offers audit results of financial statements to the investment management industry.

It has special expertise in analysis of investment performance and consulting services for funds less than $200 million.

There are seven corporate retainer clients. The firm also provided services to 11 non-retainer clients during the past year.

There are four professional consultants. Fees are payable in hard or soft dollars.

Bishop F. Smith Jr., chairman, is client contact.

Southern Plantations Group

P.O. Box 1683, Albany, Ga. 31702; (912) 439-0012

Southern Plantations Group Inc. provides consulting and management services for investors in agricultural and timber land. The firm analyzes individual properties as well as industry trends and developments.

It provides consultation and management in the agriculture, forestry and agribusiness sectors to the investment management industry.

Its special expertise is in agriculture, forestry, agribusiness analysis and management.

There are nine corporate retainer clients. The firm also provided services

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Merrill Lynch

to four non-retainer clients during the past year, two corporate and two public.

There are five professional consultants. Fees are payable in hard dollars.

The firm also offers its own investment vehicles in agricultural and timber land.

Joseph H. Marshall, president, is client contact.

Stolper & Co.

525 B St., Suite 630, San Diego, Calif. 92037; (619) 231-9102

Stolper & Co. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and U.S. performance measurement.

The firm has special expertise in hedge funds.

Of the 600 retainer clients, 300 are corporate and two are union.

There are three professional consultants. Fees are payable in hard and soft dollars.

Wilma J. Engel, consultant, is client contact.

Stratford Advisory Group

120 S. Riverside Plaza, Suite 1456, Chicago, Ill. 60606; (312) 902-1985

Stratford Advisory Group Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and U.S. performance measurement and analysis. The firm also provides ongoing assistance in determining optimal asset allocation.

It offers research services to a select group of investment management firms that incorporate the firm's Strategic Asset Allocation system, which is its special expertise.

The firm has about 30 retainer clients, of which 10 are corporate, one is public, one is union and 18 are endowments and foundations. The firm also provided services to non-retainer clients during the past year, of which two were corporate, one was public, one was union and six, endowments and foundations.

There are four professional consultants. Fees are payable in hard and soft dollars.

Clients include the Carnegie Institute, Knight-Ridder, Fairchild Industries and Beth Israel Hospital.

Ronald Schmitz, senior consultant, is client contact.

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Towers, Perrin, Forster and Crosby Inc.

245 Park Ave., New York, N.Y. 10167; (212) 309-3400

Towers, Perrin, Forster and Crosby Inc. provides development of investment policies, objectives and asset allocation; Canadian manager evaluation and selection; and analysis of U.S. and foreign investment performance.

The firm also provides financial planning through the integration of asset returns and liability forecasts in stochastic models; and external and internal management structure.

The firm has special expertise in investment policy/asset allocation; asset/liability modeling; and evaluation of portfolio insurance and other dynamic asset allocation strategies.

The firm provided services to 100 corporate non-retainer clients during the past year. There are 25 professional consultants. Fees are payable in hard dollars.

Client contacts are Rowland Davis in Chicago at (312) 781-0300; Herb Kosloff in New York at (212) 309-3511; and John Sweeney in Atlanta at (404) 261-7820.

Tremont Partners Inc.

880 Canal St., Stamford, Conn. 06902; (203) 348-3709

Tremont Partners Inc., a subsidiary of Lynch Asset Management Co., provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm also provides product development; structuring and organizing investment programs; and supervising operations of investment progress.

It offers product development and structuring and organizing of investment programs to the investment management industry.

It has special expertise in U.S. and international equities and fixed income, real estate, venture capital and private partnerships.

There are three professional consultants. Fees are payable in hard dollars.

Ron Lake, director of research, and Sandra Manzka, president, are client contacts.

V

Vantage Financial Management Co.

2002 B Morton Drive, Charlottesville, Va. 22901; (804) 977-8942

Vantage Financial Management Co. provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and measurement and analysis of U.S. investment performance. The firm also provides equity and fixed-income portfolio construction.

The firm offers specialized contract research, investment management product development and enhancement, and product marketing consulting to the investment management industry.

Its special expertise is in macro-economic asset allocation planning, investment manager risk evaluation and strategically defensive portfolio construction.

Of the three retainer clients, two are corporate and one is union. The firm also provided services to one corporate non-retainer client during the past year.

There are two professional consultants. Fees are payable in hard and soft dollars.

Clients include the United Food and Commercial Workers International.

William P. Deuchler, president and chief operating officer, and Robert F. Vandell, chairman and chief investment officer, are client contacts.

Venture Economics Inc.

16 Laurel Ave., P.O. Box 81348, Wellesley Hills, Mass. 02181; (617) 431-8100

Venture Economics Inc. provides development of investment policies and objectives: U.S. manager evaluation and selection; and analysis of U.S. investment performance. The firm also provides consulting to refine investment criteria, research support, screening proprietary data bases and aggregate portfolio reports with industry benchmarks on investment status and performance. It is now developing performance measurement guidelines for venture capital funds.

It provides manager directories, research services, portfolio analysis and performance research to the investment management industry.

The firm has special expertise in venture capital investing.

Fees are payable in hard and soft dollars.

Linda Vincent, vice president, and Ted Clark, associate, are client contacts.

W

Wellesley Group Inc.

800 South St., Waltham, Mass. 02154; (617) 891-3636

Wellesley Group Inc. provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; U.S. and foreign performance measurement; and analysis of U.S. investment performance. The firm also provides master trust/master custodian searches.

It has special expertise in endowments and foundations.

Of the 44 retainer clients, 14 are corporate, two are public, two are union, 25 are endowments and three are foundations.

There are five professional consultants. Fees are payable in hard and soft dollars.

Clients include the Chicago Transit Authority, IBM, E.R. Carpenter and the University of Michigan.

Ned A. Joachimi, chairman, and Jon L. Prime, vice chairman, are client contacts.

Wilshire Associates

1299 Ocean Ave., Santa Monica, Calif. 90401; (213) 451-3051

Wilshire Associates provides development of investment policies, objectives and asset allocation; U.S. and foreign manager evaluation and selection; and measurement and analysis of U.S. and foreign investment performance.

The firm also provides consulting in venture capital; special equity (leveraged buy-outs); GICs; 401(k) analysis; FASB; master trustee and custodian selection; portfolio transaction analysis; benchmark portfolio design; specialized studies; and annual client seminars.

For the investment management industry, it offers equity management and analysis systems; fixed-income analysis; index funds; asset allocation systems; performance measurement; accounting systems; and master trust reporting.

Of the 70 retainer clients, 40 are corporate, 20 are public and 10 are endowments and foundations. The firm also provided services to one public non-retainer client during the past year.

There are 17 professional consultants. Fees are payable in hard and soft dollars.

Clients include White Consolidated Industries, Vulcan Materials, the University of Pittsburgh and the Pension Benefit Guaranty Corp.

Robert A. Garvy, senior vice president, is client contact.

The World Markets Co.

345 Park Ave., New York, N.Y. 10152; (212) 593-4747

The World Markets Co., a subsidiary of Bankers Trust Co., provides foreign investment performance measurement and analysis. The firm also provides multicurrency accounting, valuation and performance evaluation services on a worldwide basis.

It offers multicurrency accounting, portfolio valuations and performance measurement and analysis to the investment management industry.

The firm has special expertise in multicurrency portfolios.

The firm provided services to 400 non-retainer clients during the past year.

There are 100 professional consultants. Fees are payable in hard and soft dollars.

P. Wendy Howard, U.S. marketing manager, is client contact.

Wyatt Asset Services Inc.

80 William St., Wellesley Hills, Mass. 02181; (617) 237-3900

Wyatt Asset Services Inc., a subsidiary of The Wyatt Co., provides development of investment policies, objectives and asset allocation; U.S. manager evaluation and selection; and U.S. performance measurement and analysis. The firm also provides asset/liability modeling and matching.

The firm has special expertise in FASB 87 analysis of pension plans and corporate earnings impact.

Of the 31 retainer clients, 28 are corporate, one is public and two are unions. The firm also provided services to 49 non-retainer clients during the past year, of which 43 were corporate, three were public and three, union.

There are 12 professional consultants. Fees are payable in hard dollars.

Asghar Alam, consultant, is client contact.

Z

Zacks Investment Research

2 N. Riverside Plaza, Chicago, Ill. 60606; (312) 559-9405

Zacks Investment Research provides U.S. performance measurement and analysis. It also offers a software system for sponsors to monitor portfolio performance of three to 100 managers, and normal portfolio performance.

It provides LAN-based equity research software systems to the investment management industry.

The firm has special expertise in the use of earnings-per-share forecasts in

Continued on page 59

Add value . . .

Continued from page 31

surement as a separate service as well as part of a consulting package.

His firm is part of the Wilshire Cooperative Universe Service, through which 14 small consulting firms share data on 1,200 portfolios. "It offers me and my clients the ability to tap Wilshire Trust Services division for portfolio performance calculations, data processing and programming expertise," said Mr. Holbein.

"This is a new and growing system that allows us to add new information and develop new approaches as the clients' needs change. The dynamic and growing nature of our performance measurement system is such that we can customize and adapt it to the specific needs of the plan sponsor to fit his unique situation rather than taking his information and giving him a generalized performance evaluation," said Mr. Holbein.

He and other smaller consultants claim the information they develop is as useful and as valid as that generated by the larger firms.

"There is no statistical difference between the data generated by SEI and that from the Wilshire Cooperative Universe," Mr. Holbein said. "The other side is that by using a system such as ours, working with Wilshire provides a double-check on the information. They enter and crunch the numbers to make sure nothing has fallen through the cracks."

Ron Jones, partner in the Lincolnshire, Ill., offices of Hewitt Associates and manager of the firm's investment services group, agreed plan executives have access to a wide range of performance measurement services, but that it is the professional counsel offered by Hewitt that makes the difference.

"We're not in the same business as some others," Mr. Jones said. "We view (performance evaluation) as the basis of an ongoing consulting relationship. We don't claim our numbers-crunching ability is any better than anyone. What we say is different about ourselves is that we are all investment professionals and do our consulting around the numbers . . . We are offering our professional capabilities rather than just numbers."

Robert Thomas, president of Performance Evaluation Resources Inc., New York, a subsidiary of Thomson McKinnon Inc., said performance measurement and comparison numbers are widely available, but the quality and usefulness of that information varies.

"There are only a limited number of calculations and measurements that can be applied and everyone has them. What sets them apart are the perceptions one brings to the business," Mr. Thomas said.

"Many services don't allow the plan sponsor to make a decision and know why. (The sponsor) should know and be satisfied enough with his managers to retain them, or know whether to terminate them because they haven't performed well, or to add an incremental manager to his group. Performance measurement is a report card: Did I do good or bad? If I didn't do as well as I wanted, do I understand why and should I do anything about it."

Nancy Goerdel, investment director at the $4.2 billion Employees Retirement System of Texas said the system uses Wilshire Associates, Santa Monica, Calif., as its consultant but hired the firm primarily for performance evaluation.

"Texas law requires us to use an external performance evaluation service," she said. "They (Wilshire) have worked with us as far as giving us updated reports. It is not a customized service, they use a standard format, but they provide us with quality information we use for our investment committee. They are able to give us a good custom benchmark on equities since we can own and hold stocks only in U.S. corporations that have a 10-year dividend record and no (over-the-counter) stocks." ■

Buddy . . .

Continued from page 31

proposals to 30 firms," he said. "From that, we got 15 responses, and a committee of two was responsible for reviewing those proposals."

"We scour the universe and get them to come to us, and then we sort it all out," Mr. Cohee said.

SEI and Callan Associates Inc., San Francisco, were chosen to handle the city's two funds, the $211 million Police and Firemen's fund and the $259 million general fund.

"The business as a whole is volatile, and we wanted to have two opinions to back each other up, since the funds are almost identical and the two consultants ought to reach similar conclusions about both," he added.

Among Mr. Cohee's criteria are the firms' current workload, past experience and ability to design an appropriate work plan. He also looks at cost.

The $2.5 billion Ohio School Employees' Retirement System, Columbus, "started with as large a list as we could find of those we had heard about from other pension funds or we had read about," Robert Cowman, assistant director of investment.

"Then we looked at specifics and culled it down to four to six possibilities who were asked to make another presentation to the board, which made the final decision." ■

Z continued . . .

Continued from page 58

the equity investment process.

Of the 400 retainer clients, 10 are corporate.

There are 18 professional consultants. Fees are payable in hard and soft dollars.

The firm offers index options and limited partnerships.

Leonard Zacks, president, is client contact.

Pensions & Investment Age's Datebook section includes listings of upcoming events in the general pensions area, international investing, real estate, corporate finance and cash management.

If you are sponsoring a conference or meeting and wish it to be listed, send information to Sabine Schramm, *Pensions & Investment Age*, 740 N. Rush St., Chicago, Ill. 60611. You may phone Ms. Schramm at (312) 649-5407.

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PIPER

The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford Conn.*

Stock leaders are optimistic

By Jacqueline Dutton

The managers of top-performing pooled equity funds said the storm of Black Monday and the subsequent gray days are clearing as stock prices are firming up.

With an optimistic outlook for the remainder of this quarter, they will maintain their heavy weightings in the capital and consumer-goods stocks that put them at the top of the Pensions & Investments' Performance Evaluation Report for periods ended Sept. 30.

PIPER measures the performance of 315 commingled equity funds managed by banks and insurance companies or their investment subsidiaries.

The United Bank of Denver's equity fund, managed by its investment arm, United Capital Management, Denver, was alone at the top for the third quarter, returning 18.8% compared with a second-place showing of 12.6% for the discretionary commingled fund of First Fidelity Bank, Newark, N.J., and 12% for the equity fund of Bessemer Trust Co., New York, equity fund.

Of the 315 equity funds ranked by PIPER, 30% beat the Standard & Poor's 500 stock index's return of 6.6% for the third quarter. The median manager returned 5.8%.

W. Lon Schreur, president of United Capital Management, said the fund was 75% invested in capital goods and basic industry stocks, which he said benefited from the dollar's decline and subsequent foreign sales.

Along with **Clark Equipment Co.**, **Caterpillar Inc.**, and **Ingersoll-Rand Co.**, the fund had positions in **Phelps Dodge Corp.**, **Asarco Inc.** and **Inland Steel Co.** The remainder of the fund was placed in special situation stocks, including **Long Island Lighting Co.**

Mr. Schreur said United Capital's holdings were hard hit at first during Black Monday, especially the heavy cyclicals, which were sensitive to fears of a recession. But at the beginning of November, he said, prices were beginning to rebound, and United managers are buying back some stocks they sold and are increasing their position in the heavy equipment stocks.

First Fidelity's 40-stock portfolio did well in the third quarter and 12 months despite a heavy cash position. John Walker, senior vice president, said the fund moved to 25% cash in May and stayed there through Oct. 19. Since the crash, cash was increased to 32%, and will stay there until the dust settles.

The First Fidelity fund resembled those of other top PIPER funds in its bias toward basic industry stocks such as **Caterpillar**, **Combustion Engineering Inc.** and **Koppers Co. Inc.** Consumer-goods stocks are also favored by First Fidelity, which had positions in **Archer Daniels Midland Co.**, **Interco Inc.** and **Firestone Tire & Rubber Co.**

Mr. Walker said the fund is adding to **Wolverine Technologies Inc.**, and is considering stocks such as **Duke Power Co.**, **Aetna Life and Casualty Co.** and **Johnson & Johnson**.

Greg Clark and Stanley Nabi, managers of Bessemer Trust's $200 million common trust equity fund, said the fund is recovering from its Black Monday losses and they are reducing cash to pick up additional current holdings at bargain prices.

The fund, which normally holds 37 stocks, seeks undervalued and unrecognized stocks to put the portfolio in a defensive position. Mr. Clark, executive vice president-U.S. equity investments, said these were the stocks other investors were moving into as the market started on its downslide in late August.

The largest positions were in **Eastman Kodak Co.** and **General Electric Co.** The diversified fund also included other companies with good earnings momentum in a market that became very much earnings-driven, ac-

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Bond winners shorten terms

By Fred Williams

Fixed-income portfolio managers who shortened the maturities of their holdings were top performers in the Pensions & Investments' Performance Evaluation Report universe for the third quarter.

Short- and intermediate-term funds dominate the third-quarter PIPER results as astute portfolio managers turned more defensive in a bear market for bonds.

For the three- and 12-month periods ended Sept. 30, the Shearson Lehman Government/Corporate bond index returned −2.9% and −0.4% respectively. The median PIPER return was −2.1% for the quarter and 1.2% for the one-year period.

First National Bank of Elgin, Ill., had two bond funds in the top decile for the quarter and the year ended Sept. 30. The bank's Bond Fund D finished second for the quarter with a return of 1.4% and second for the year at 5.9%. Its D1 fund finished fifth for the quarter with a return of 1.4% and 11th for the 12 months with 5.8%.

The $4 million Fund D is made up of U.S. Treasury instruments only; the $10 million D1 fund contains a mixture of Treasuries and corporate bonds, said William Palmer, trust investment officer.

"We vary the maturity levels in the funds depending on our outlook for interest rates. We have been negative on rates and have been short in both funds. The average maturities were moved to under one year in both funds," said Mr. Palmer. "We moved there aggressively in early 1986."

The defensive bond fund at Hawaiian Trust Co., Honolulu, finished on top for the quarter with a return of 2.2% and second for the 12 months with 8.9%.

William Barton, chief investment officer at Hawaiian, said the $75 million fund contains mostly guaranteed investment contracts and about 15% in short-term cash equivalents.

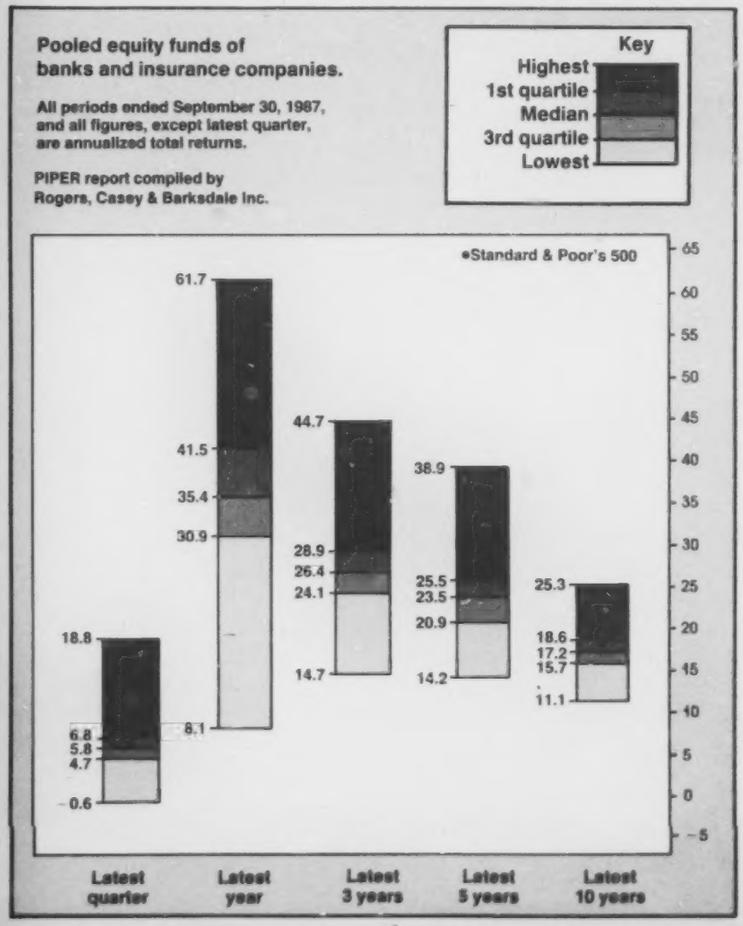
The fund uses "collapsible" GICs, which can be redeemed on a six-month notice to the insurance carriers.

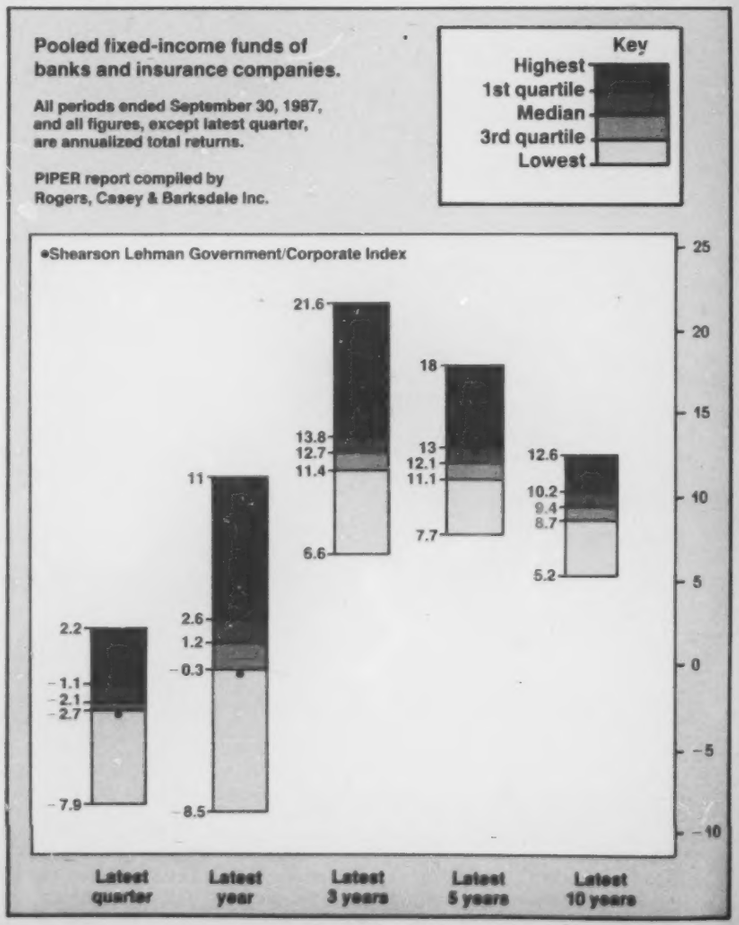
"The fund is structured to maximize yield as much as possible while reducing volatility . . . We use it as a core in our asset allocation for pension funds," said Mr. Barton.

He said the maximum maturity of any contract in the fund is five years. The fund is actively managed by adjusting maturities "depending on what we see as the most efficient yield." The average maturity of the fund now is 2.5 years, he said.

The other top performing funds for the quarter were Wilmington Trust Co., Wilmington, Del., 1.4%,

Continued on page 68





Top quartile commingled fixed-income funds

3-month returns

	%
Hawaiian Trust (Defens.)	2.2
First of Elgin (D), Ill.	1.4
Wilmington Trust, Del.	1.4
First of Neenah, Wis.	1.4
First of Elgin (D1), Ill.	1.4
Trustmark Nat'l, Miss.	1.4
Wheeling Dollar Bank, W. Va.	1.3
First Alabama, Mobile	1.1
Chase Manhattan (Short-inter.)	0.9
Hibernia Nat'l, La.	0.7
Sunburst Bank, Mich.	0.6
AmSouth (Ltd. mat.)	0.5
Dauphin Deposit (Short term), Pa.	0.5
Mid-State Bancorp, Pa.	0.5
Sanwa Bank (C), Calif.	0.5
Commerce Union, Tenn.	0.4
Signet Bank/Maryland (Short term)	0.4
United Virginia (Short term)	0.3
AmeriTrust (Reserve), Ohio	0.3
Mercantile Safe (Inter.), Md.	0.3
Harris Trust (Gain), Ill.	0.2
Central Bank Denver	0.2
Michigan Nat'l/Grand Rapids	0.2
Valley Fidelity, Tenn.	0.2
Shawmut Bank (Inter.), Mass.	0.1
Seattle Trust, Wash.	0.1
Texas Commerce (Low vol.)	0.1
Boatmen's FNB Kansas City, Mo.	0.0
Pioneer Bank, Ill.	−0.1
Alaska Pacific Trust	−0.1
United of Denver	−0.1
First of Neenah (Lg. term), Wis.	−0.2
First of Cincinnati (Inter.)	−0.2
Manufacturers Detroit (Inter. H)	−0.3
Associated Kellogg, Wis.	−0.3
Columbus Bank & Trust, Ga.	−0.5
First Union Bank (1), N.C.	−0.5
Continental Bancorp, Pa.	−0.5
Unibanctrust, Ill.	−0.6
United Mercantile (A), Calif.	−0.6
First Union Bank, N.C.	−0.6
First in Wichita, Kan.	−0.7
Citizens Fidelity (F), Ky.	−0.7
Bank One Trust, Ohio	−0.7
Central Fidelity, Va.	−0.7
Bank One (Inter. mat.), Ind.	−0.8
First of Maryland	−0.8
Prudential (VCA 8)	−0.8
First Wisconsin Trust (Passive)	−0.8
First Interstate of Oklahoma	−0.8
Greeley Nat'l, Colo.	−0.8
Jefferson Trust (Inc.), Ill.	−0.9
Bank of Tokyo (Inter.), N.Y.	−0.9
Central Bank Monroe, La.	−0.9
EF Hutton Trust (Govt. B),	−0.9
Old Kent, Mich.	−0.9
Home Life, N.Y.	−0.9
First Fidelity (Inter.), N.J.	−1.0
Texas American Bank	−1.1
Bankers Trust (B), N.Y.	−1.1
United Virginia Bank (5821)	−1.1
First Nat'l Lincoln, Neb.	−1.1
Mercantile Safe, Md.	−1.1
Southtrust Bank, Ala.	−1.1
Sovran Bank (Inst.), Va.	−1.1
Valley Nat'l (II), Ariz.	−1.1
Shearson Lehman G/C Index	**−2.9**

1-year returns

	%
Sunburst Bank, Mich.	11.0
Hawaiian Trust (Defensive)	8.9
First Alabama, Mobile	8.2
Sanwa Bank (C), Calif.	7.5
Trustmark Nat'l, Miss.	7.2
Wheeling Dollar Bank, W. Va.	7.0
First of Neenah, Wis.	6.8
Mid-State Bancorp, Pa.	6.8
HT Investors, R.I.	6.4
First of Elgin (D), Ill.	5.9
First of Elgin (D1), Ill.	5.8
Columbus Bank & Trust, Ga.	5.7
Dauphin Deposit (Short term), Pa.	5.5
AmSouth (Ltd. mat.), Ala.	5.4
Signet Bank/Maryland (Short term)	5.2
Chase Manhattan (Short-int.)	5.2
Sentry Life (Acct. D), Wis.	5.1
Delaware Trust Co.	5.0
Colonial American Nat'l, Va.	4.8
Valley Fidelity, Tenn.	4.7
Commerce Union, Tenn.	4.6
Central Fidelity, Va.	4.6
Alaska Pacific Trust	4.4
Michigan Nat'l/Grand Rapids	4.4
United Virginia Bank (Short term)	4.4
Central Bank Denver	4.4
Wilmington Trust, Del.	4.3
Seattle Trust	4.2
Mercantile Safe (Inter.), Md.	4.1
United of Denver	4.1
AmeriTrust (Reserve), Ohio	4.1
Mercantile Safe, Md.	3.9
First of Neenah (Lg. term), Wis.	3.9
Shawmut Bank (Inter.), Mass.	3.8
Texas Commerce (Low vol.)	3.8

Top fixed funds by size

1-year returns

Over $100 million

	%
Chase Manhattan (Short-inter.)	5.2
Prudential (VCA 8), N.J.	3.4
Pacific Mutual, Calif.	3.1
Harris Trust, Ill.	2.6
Sovran Bank (Inst.), Va.	2.6
First of Chicago, Ill.	2.2
Texas Commerce (Act. mgd.)	2.2
Morgan Guaranty, N.Y.	1.7
Old Kent, Mich.	1.7
Lincoln Nat'l Pens. (Corp.), Ind.	1.4

$50 million to $100 million

	%
Hawaiian Trust (Defensive)	8.9
Trustmark Nat'l, Miss.	7.2
AmSouth (Ltd. mat.), Ala.	5.4
Mercantile Safe (Inter.), Md.	4.1
AmeriTrust (Reserve), Ohio	4.1
Texas Commerce (Low vol.)	3.8
Harris Trust (Gain), Ill.	3.5
Manufacturers Detroit (Inter. H)	3.4
Bank One Trust (Invt.), Ohio	3.1
Continental Bancorp, Pa.	3.1

$10 million to $50 million

	%
First Alabama, Mobile	8.2
Sanwa Bank (C), Calif.	7.5
Mid-State Bankcorp, Pa.	6.8
HT Investors, R.I.	6.4
First of Elgin (D1), Ill.	5.8
Columbus Bank Trust, Ga.	5.7
Dauphin Deposit (Short term)	5.5
Delaware Trust Co.	5.0
Valley Fidelity, Tenn.	4.7
Commerce Union, Tenn.	4.6

Under $10 million

	%
Sunburst Bank, Mich.	11.0
Wheeling Dollar Bank, W. Va.	7.0
First of Neenah, Wis.	6.8
First of Elgin (D), Ill.	5.9
Signet Bank/Maryland (Short)	5.2
Sentry Life (Acct. D), Wis.	5.1
Colonial American Nat'l (Inc.)	4.8
Central Fidelity, Va.	4.6
Alaska Pacific Trust	4.4
United Mercantile (A), Calif.	3.5

10-year returns

Over $100 million

	%
Sovran Bank (Inst.), Va.	12.2
Texas Commerce (Act. mgd.)	11.5
Pacific Mutual, Calif.	11.5
Centerre Trust, Mo.	11.3
American Security, D.C.	11.3
Morgan Guaranty, N.Y.	10.7
John Hancock, Mass.	10.3
Mercantile Bank, Mo.	10.1
First of Chicago, Ill.	9.9
Wachovia Bank, N.C.	9.9
CIGNA (Act. mgd.), Conn.	9.9

$50 million to $100 million

	%
Hibernia Nat'l, La.	11.5
Life of Virginia	11.4
First Kentucky Trust (Ret. tr.)	11.0
AmeriTrust (Reserve), Ohio	10.8
Bankers Trust (B), N.Y.	10.6
Manufacturers Detroit	10.6
Trustmark Nat'l, Miss.	10.2
Bankers Trust (A), N.Y.	10.1
Citizens Fidelity (Tr. F), Ky.	10.0
First Fidelity (Inter.), N.J.	10.0

$10 million to $50 million

	%
United of Denver	12.6
Seafirst Bank, Wash.	11.3
Sanwa Bank (C), Calif.	11.2
First Wisconsin Nat'l Madison	11.2
First Interstate of California	10.8
First Interstate of Arizona	10.8
First Interstate of Denver	10.8
Commerce Union, Tenn.	10.6
Cullen Bank, Texas	10.5
United Virginia (Short term)	10.4
American Nat'l Bank, Tenn.	10.4
First of Neenah (Lg. term)	10.4

Under $10 million

	%
Central Fidelity, Va.	11.0
Colonial American Nat'l (Inc.)	10.3
Oregon Bank	10.2
Connecticut Nat'l Bank	10.1
First of Neenah (Inter.)	10.0
First Nat'l Lincoln, Neb.	9.6
Associated Manitowoc (H. inc.)	9.6
Greeley Nat'l, Colo.	9.6
Wheeling Dollar Bank, W. Va.	9.6
American Nat'l Bank, Ind.	9.4
Old Second Nat'l (HR 10), Ill.	9.4

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Texas American Bank	3.8
United Mercantile (A), Calif.	3.5
Harris Trust (Gain), Ill.	3.5
Manufacturers Detroit (Inter. H)	3.4
Prudential (VCA 8), N.J.	3.4
Summit Trust Co., N.J.	3.4
First Union Bank, N.C.	3.4
Unibanctrust, Ill.	3.2
Bank One Trust, Ohio	3.1
Boatmen's FNB Kansas City, Mo.	3.1
Continental Bancorp, Pa.	3.1
Associated Kellogg, Wis.	3.1
Mutual of New York (Priv. place)	3.1
Pacific Mutual, Calif.	3.1
Bankers Trust (B), N.Y.	3.0
Hibernia Nat'l, La.	3.0
First Variable Life, Ariz.	2.9
Cullen Bank, Texas	2.9
Greeley Nat'l, Colo.	2.9
Chase Manhattan (A), N.Y.	2.7
First Interstate of Arizona	2.7
Jefferson Trust (CT), Ill.	2.6
General American (Acct. 9), Mo.	2.6
Union Nat'l Wichita, Kan.	2.6
Central Bank Monroe, La.	2.6
Bank One (Inter. mat.), Ind.	2.6
Harris Trust, Ill.	2.6
Sovran Bank (Inst.), Va.	2.6
Shearson Lehman G/C Index	**-0.4**

5-year returns

	%
United of Denver	18.0
Delaware Trust Co.	16.5
Sunburst Bank, Mich.	16.3
First Variable Life, Ark.	15.8
Sanwa Bank (C), Calif.	15.5
Central Fidelity, Va.	15.3
First Interstate of Denver	15.2
IAA Trust Co. (B), Ill.	15.0
First Alabama, Mobile	15.0
Life of Virginia	14.9
Beverly Bank, Ill.	14.8
Centerre Trust, Mo.	14.8
First Interstate of Arizona	14.8
Mutual of New York (Priv. place)	14.6
Connecticut Nat'l Bank	14.6
First Wisconsin Nat'l Madison	14.5
Colonial American Nat'l, Va.	14.5
First Kentucky Trust (Ret. tr.)	14.4
First of Chicago (Dollar fixed)	14.2
Colorado Nat'l Bank	14.2
Sovran Bank (Inst.), Va.	14.2
John Hancock, Mass.	14.1
Citicorp, N.Y.	14.0
Society Nat'l, Ohio	13.9
Key Trust Co., N.Y.	13.9
First Variable Life (H.Q.), Ark.	13.9
Pacific Mutual, Calif.	13.8
Morgan Guaranty, N.Y.	13.8
First of Chicago	13.8
Columbus Bank & Trust, Ga.	13.7
First of Neenah, Wis.	13.7
First Interstate California	13.6
AmSouth, Ala.	13.6
American Security, D.C.	13.5
CIGNA (Inter.-term), Conn.	13.5
First of Omaha (C), Neb.	13.4
Liberty Nat'l, Ky	13.4
Marine Midland, N.Y.	13.3
General American (Acct. 9), Mo.	13.2
HT Investors, R.I.	13.2
Associated Manitowoc, Wis.	13.2
CIGNA (Act. mgd.), Conn.	13.2
Travelers (Accct. P), Conn.	13.2
Toledo Trust, Ohio	13.1
Travelers (Acct. D), Conn.	13.1
Hamilton Bank, Pa.	13.1
Massachusetts Mutual	13.1
Northern Trust, Ill.	13.0
Norstar Trust Co., N.Y.	13.0
State Street Bank, Mass.	13.0
Harris Trust, Ill.	13.0
Shearson Lehman G/C Index	**12.8**

10-year returns

	%
United of Denver	12.6
Sovran Bank (Inst.), Va.	12.2
Beverly Bank, Ill.	11.8
Fidelity Bank, Pa.	11.6
Texas Commerce (Act. mgd.)	11.5
Hibernia Nat'l, La.	11.5
Pacific Mutual, Calif.	11.5
Life of Virginia	11.4
Centerre Trust, Mo.	11.3
American Security, D.C.	11.3
Seafirst Bank, Wash.	11.3
Sanwa Bank (C), Calif.	11.2
First Wisconsin Nat'l Madison	11.2
Central Fidelity, Va.	11.0
First Jersey Nat'l, N.J.	11.0
First Kentucky Trust (Ret. tr.)	11.0
AmeriTrust (Reserve), Ohio	10.8
First Interstate of California	10.8
First Interstate of Arizona	10.8
First Interstate of Denver	10.8
Morgan Guaranty, N.Y.	10.7
Bankers Trust (B), N.Y.	10.6
Manufacturers Detroit	10.6
Commerce Union, Tenn.	10.6
Bank of New England, Mass.	10.6
Manufacturers Hanover, N.Y.	10.6
Cullen Bank, Texas	10.5
United Virginia Bank (Short term)	10.4
American Nat'l Bank, Tenn.	10.4
First of Neenah (Long term), Wis.	10.4
John Hancock, Mass.	10.3
Colonial American Nat'l (Inc.), Va.	10.3
Toledo Trust, Ohio	10.3
Jefferson Trust (Inc.), Ill.	10.3
First of Maryland	10.2
Trustmark Nat'l, Miss.	10.2
First Bank of Milwaukee	10.2
Indiana Nat'l Bank	10.2
Oregon Bank	10.2
Citicorp, N.Y.	10.2
Shearson Lehman G/C Index	**9.7**

Top quartile commingled equity funds

3-month returns

	%
United of Denver	18.8
First Fidelity (Discret.), N.J.	12.6
Bessemer Trust, N.Y.	12.0
California First Bank	11.9
Chase Manhattan (B), N.Y.	11.1
Associated Manitowoc, Wis.	10.3
Citicorp (Integrated), N.Y.	10.3
Merchants Nat'l (2), Ind.	10.3
NCNB Nat'l Bank, N.C.	10.2
Northern Trust (Divers.), Ill.	10.2
American Nat'l Bank, Tenn.	9.8
First Alabama, Mobile	9.4
Confederation Life, Ontario	9.1
Metropolitan Life (No. 40), N.Y.	9.0
First City Nat'l Houston	9.0
Wachovia Bank (Mgmt.), N.C.	8.9
Mercantile Bank, Mo.	8.8
Bank of Tokyo, N.Y.	8.8
Valley Nat'l (I), Ariz.	8.8
EF Hutton Trust (A), Del.	8.7
Lincoln Nat'l Pens. (Select), Ind.	8.7
Principal Mutual Life, Iowa	8.7
Allied Bank, Texas	8.5
Aetna Life & Casualty, Conn.	8.4
Merchants Nat'l (I), Ind.	8.3
Branch Bank & Trust, N.C.	8.2
Chase Investors (Index), N.Y.	8.2
CIGNA Corp. (A), Conn.	8.1
Pioneer Bank, Ill.	8.1
Puget Sound Nat'l, Wash.	8.1
EF Hutton Trust (2), Del.	8.1
Norstar Trust Co., N.Y.	8.0
H.T. Investors, R.I.	7.8
Continental Bancorp, Pa.	7.8
Boston Safe Deposit, Mass.	7.8
State Street (Matrix syn.), Mass.	7.8
First Jersey Nat'l, N.J.	7.7
Planters Nat'l (B), N.C.	7.6
Greeley Nat'l, Colo.	7.6
Sun Bank, Fla.	7.5
Wachovia Bank, N.C.	7.5
First Bank Milwaukee, Wis.	7.5
Penn Mutual Life (Acct. A), Pa.	7.5
First of Neenah, Wis.	7.5
Philadelphia Nat'l	7.4
First Interstate Billings, Mont.	7.4
Prudential (VCA-9), N.J.	7.3
First Interstate of Denver	7.2
First of Neenah, Wis.	7.2
Connecticut Nat'l Bank	7.2
Guardian Insurance (1), N.Y.	7.2
State Street Bank, Mass.	7.2
Mutual of New York (Growth)	7.1
Connecticut Bank & Trust	7.1
First Security Nat'l (D), Ky.	7.0
Citizens & Southern, Ga.	7.0
John Hancock (1K), Mass.	7.0
Crown Life (US grp.), Ontario	7.0
Bankers Trust (Index), N.Y.	6.9
Summit Trust Co., N.J.	6.9
U.S. Nat'l of Oregon (Qualivest)	6.9
Connecticut Mutual Life (CM)	6.8
First Variable Life, Ariz.	6.8
General American (Index), Mo.	6.8
Imperial Trust Co., Calif.	6.8
Standard & Poor's 500	**6.6**

1-year returns

	%
United of Denver	61.7
California First Bank	58.4
Citicorp (Stockshift 200), N.Y.	55.7
First Fidelity (Discret.), N.J.	55.3
Sun Bank, Fla.	53.5
First City Nat'l Houston	52.0
Citicorp (Styleshift), N.Y.	51.9
Valley Nat'l (I), Ariz.	51.3
Citicorp (Integrated), N.Y.	50.3
First Alabama, Mobile	50.1
Lincoln Nat'l Pens. (Select), Ind.	49.9
Puget Sound Nat'l, Wash.	49.3
Principal Mutual Life, Iowa	49.2
Norstar Trust Co., N.Y.	48.6
Summit Trust Co., N.J.	48.4
American Nat'l Bank, Tenn.	48.4

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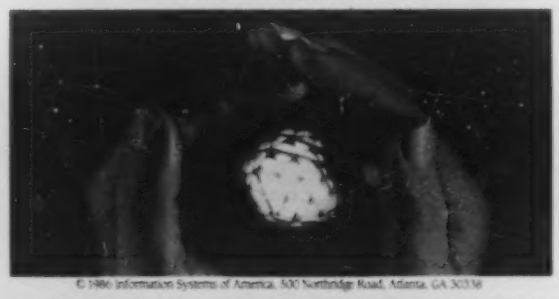

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ISA
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Top equity funds by size

1-year returns

Over $100 million

	%
Sun Bank, Fla.	53.5
Principal Mutual Life, Iowa	49.2
NCNB Nat'l Bank, N.C.	47.7
Lincoln Nat'l Pens. (Gro.), Ind.	47.3
Bessemer Trust, N.Y.	47.0
Philadelphia Nat'l	46.0
Prudential (VCA-9), N.J.	44.3
Chase Manhattan (B), N.Y.	44.0
Texas Commerce (Divers.)	43.7
Travelers (Sep. acct.), Conn.	43.6
Bankers Trust (Index), N.Y.	43.6

$50 million to $100 million

	%
First City Nat'l Houston	52.0
Lincoln Nat'l Pens. (Select)	49.9
Norstar Trust Co., N.Y.	48.6
Wachovia Bank, N.C.	42.8
Society Nat'l (Rel. value), Ohio	42.3
First Kentucky Trust (Ret. tr.)	41.0
Pacific Mutual, Calif.	40.9
Minnesota Mutual (Acct. C)	40.7
Mercantile Bank (Coll.), Mo.	39.0
Connecticut Nat'l Bank	38.5

$10 million to $50 million

	%
United of Denver	61.7
California First Bank	58.4
First Fidelity (Discret.), N.J.	55.3
Valley Nat'l (i), Ariz.	51.3
First Alabama, Mobile	50.1
Summit Trust Co., N.J.	48.4
American Nat'l Bank, Tenn.	48.4
Wachovia Bank (Mgmt.), N.C.	48.1
Southtrust Bank, Ala.	46.0
First of Toledo, Ohio	44.9

Under $10 million

	%
Puget Sound Nat'l, Wash.	49.3
First Illinois (Corp.)	46.0
Wellington Trust (Divers. gro.)	44.8
Irving Trust, N.Y.	44.2
EF Hutton Trust (1), Del.	43.3
Fidelity Mgmt. (Earn. gro.)	42.1
Signet Bank/Maryland (D)	39.0
Boston Safe Deposit	37.3
Oregon Bank	35.1
First of Neenah, Wis.	34.4

10-year returns

Over $100 million

	%
Manufacturers Life, Ontario	25.3
Sun Bank, Fla.	24.9
Bessemer Trust, N.Y.	21.6
U.S. Nat'l/Oregon (Qualivest)	21.2
Principal Mutual Life, Iowa	20.8
Philadelphia Nat'l	20.8
Provident Nat'l, Pa.	20.5
American Nat'l Chicago (Act.)	20.5
Continental Bancorp, Pa.	20.4
Texas Commerce (Divers.)	20.3

$50 million to $100 million

	%
First Interstate of Denver	21.8
Norstar Trust Co. N.Y.	19.4
First Fidelity Bank, N.J.	19.0
First City Nat'l Houston	18.8
AmSouth, Ala.	18.3
Phoenix Mutual, Conn.	18.0
Mercantile Safe, Md.	17.8
First Kentucky (Ret. tr.)	17.8
Mercantile Bank (Coll.), Mo.	17.8
Society Nat'l (Rel. value), Ohio	17.6

$10 million to $50 million

	%
Guardian Ins. (Acct. 1), N.Y.	22.7
Citizens Chillicothe (Emp. B)	22.7
First Trust Corp., Colo.	21.2
Confederation Life, Ontario	21.0
First Interstate/Oklahoma	20.7
United of Denver	20.7
U.S. Nat'l/Galveston, Texas	20.1
Nationwide Life Ins., Ohio	20.0
First of Omaha (D), Neb.	19.9
Home Life, N.Y.	19.8

Under $10 million

	%
First of Neenah, Wis.	18.4
Puget Sound Nat'l, Wash.	17.9
Irving Trust, N.Y.	17.6
Merchants Nat'l (2), Ind.	17.3
Signet Bank/Maryland (D)	17.2
Boston Safe Deposit, Mass.	16.4
Oregon Bank	15.9
American Nat'l Bank (Gro.)	15.3
American Nat'l Bank, Ind.	14.7
First Nat'l of Tulsa, Okla.	14.4
Wachovia Bank (Mgmt), N.C.	48.1
NCNB Nat'l Bank, N.C.	47.7
Chase Investors (Index), N.Y.	47.7
Lincoln Nat'l Pens. (Growth), Ind.	47.3
Bessemer Trust, N.Y.	47.0
Southtrust Bank, Ala.	46.0
Philadelphia Nat'l	46.0
First Illinois (Corp.)	46.0
Citicorp (Indexplus), N.Y.	45.7
Nat'l City Cleveland, Ohio	45.5
First of Toledo, Ohio	44.9
Wellington Trust (Divers. gro.)	44.8
Allied Bank, Texas	44.5
First Illinois (Personal)	44.4
Prudential (VCA-9), N.J.	44.3
Irving Trust, N.Y.	44.2
Chase Manhattan (B), N.Y.	44.0
General American (Index), Mo.	43.8
Texas Commerce (Divers.)	43.7
Travelers (Sep. acct.), Conn.	43.6
Bankers Trust (Index), N.Y.	43.6
Chase Investors (CMB index)	43.6
Standard & Poor's 500	**43.5**
First Interstate/California (Index)	43.4
American Nat'l, Chicago (Index)	43.4
State Street (S&P Index), Mass.	43.3
Citicorp, N.Y.	43.3
EF Hutton Trust (1), Del.	43.3
Bank of America (Index), Calif.	43.1
Morgan Guaranty, N.Y.	43.1
First Wisconsin Trust (Index)	43.1
Mutual of New York (Growth)	43.0
Northern Trust (Divers.), Ill.	42.9
South Carolina Nat'l	42.8
Wachovia Bank, N.C.	42.8
John Hancock (1K), Mass.	42.7
Citizens Chillicothe (B), Mo.	42.6
Hibernia Nat'l, La.	42.5
Mellon Bank, Pa.	42.5
Associated Manitowoc, Wis.	42.3
Society Nat'l (Rel. value), Ohio	42.3
Fidelity Mgmt. (Earn. gro.)	42.1
IDS Trust Co. (A), Minn.	42.1
Connecticut Mutual Life (CM)	42.0
Metropolitan Life (No. 40), N.Y.	42.0
Hawaiian Trust	41.7
Morgan Guaranty, N.Y.	41.6
Citicorp (Stockshift 100), N.Y.	41.5

5-year returns

	%
Sun Bank, Fla.	38.9
Bank/New England (Valuepath)	30.3
First Union Bank, N.C.	29.9
First RepublicBank, Texas	29.1
Guardian Ins. (Vari. acct. 1), N.Y.	29.0
Mellon Bank, Pa.	28.9
Morgan Guaranty (Lg. co.), N.Y.	28.9
Principal Mutual Life, Iowa	28.8
First Fidelity (Discret.), N.J.	28.8
Manufacturers Life, Ontario	28.8
First Interstate/Denver (Value)	28.3
Cullen Bank, Texas	27.8
College Ret. Equities Fund	27.8
First of America, Mich.	27.7
First Alabama, Mobile	27.6
Provident Nat'l, Pa.	27.5
First Interstate of Oregon	27.4
Connecticut Mutual Life (CM)	27.3
John Hancock (1K), Mass.	27.3
Pioneer Bank, Ill.	27.3
United of Denver	27.2
Mercantile Bank (Coll.), Mo.	27.1
John Hancock (1L), Mass.	27.0
Bankers Trust (Index), N.Y.	26.9
Manufacturers Detroit	26.9
Continental Bancorp, Pa.	26.9
Standard & Poor's 500	**26.8**
American Nat'l Chicago (Index)	26.8
Chase Investors (CMB index)	26.8
American Nat'l Chicago (Active)	26.7
Nationwide Life Ins., Ohio	26.7
State Street Bank (Index), Mass.	26.7
Irving Trust, N.Y.	26.6
Philadelphia Nat'l	26.6
New Jersey Nat'l	26.5
Norstar Trust Co., N.Y.	26.5
First Trust Corp., Colo.	26.5
First of Neenah, Wis.	26.4
State Street Bank, Mass.	26.3
First Fidelity Bank, N.J.	26.2
Fidelity Mgmt. (Income), Mass.	26.2
Valley Nat'l (I), Ariz.	26.2
First Variable Life, Ark.	26.2
First of Omaha (D), Neb.	26.1
Morgan Guaranty, N.Y.	26.0
Society Nat'l (Rel. value), Ohio	26.0
First of Neenah, Wis.	26.0
Frost Nat'l (A), Texas	25.8
Mutual of New York (Inc.)	25.8
Citicorp, N.Y.	25.6
Penn Mutual Life (Acct. A), Pa.	25.5
Oregon Bank	25.5
Prudential (PRIFORM)	25.5
Signet Trust Co., Va.	25.5
Texas Commerce (Divers.)	25.5
Nat'l Bank of Commerce, Tenn.	25.5

10-year returns

	%
Manufacturers Life, Ontario	25.3

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"I really doubted asset diversification could work for us. The Investment Modules changed that. In fact, we're so pleased with the return on our first Module, we invested in a second one."
—Mr. Eugene Jones, Head of the Trust Investment Committee
The South Texas College of Law, Houston, TX
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Shorten . . .

Continued from page 63

and First National Bank of Neenah, Wis., 1.4%.

A newcomer to the PIPER charts, Sunburst Bank of Jackson, Miss., finished in the top spot for the year ended Sept. 30 with a return of 11%. Sunburst's $1.5 million fund also finished second for the three-year period with 21.2%; third for five years with 16.3%; and in the top decile for the quarter with 0.6%.

"Things worked out for us," said Ashby Foote, chief investment officer at Sunburst.

"Our overall strategy is to look at where inflation is going and the risk-reward (ratios) in fixed-income instruments," he said.

"In the last 12 months or so we have shifted out of medium-term, zero-coupon bonds because we didn't feel the rewards were acceptable and shifted to convertible bonds. That has paid off for us in the last 12 months. We still feel convertibles offer good opportunities although some of the valuations don't look real good at the present time," he said.

For the longer periods, Mr. Foote said, "rather than looking at fiscal and monetary trends, we looked at inflation and felt longer maturities were the best and we could take advantage of the yields because we didn't fear inflation rising at all.

"As bond yields came down in 1986, we were able to generate some good returns. When long bonds were down to 7% to 8%, we felt the risk-reward of convertibles made more sense than long-term bonds. It allowed us to avoid some of the damage which has occurred in the bond market brought on by higher rates," he said.

Coming in third for the year behind Sunburst and Hawaiian Trust was First Alabama Bank, Mobile, with 8.2%.

The mortgage fund of First National Bank, Neenah, finished in the top decile for the quarter and the year with returns of 1.4% and 6.8%.

Neil Braun, vice president and trust investment officer, said the $2.5 million fund is a mortgage-investment fund made up partly of local mortgages and GNMA instruments.

"The fund was started about five years ago with the idea of investing in local mortgages, single-family, owner-occupied properties. Mortgage rates were very attractive at the time and we felt it would also help the community," Mr. Braun said. "We had some trouble getting access to new mortgages and gradually shifted toward GNMA-type instruments as the mortgages were paid off. So the fund is kind of a mixture of those two items."

For the three-, five- and 10-year periods, United Bank of Denver finished in the top spot with compound annualized returns of 21.6%, 18% and 12.6%; the Shearson Lehman Government/Corporate bond index had annualized returns of 13.3%, 12.8% and 9.7% for the same periods, and the median PIPER fund was up 12.7%, 12.1% and 9.4%.

W. Lon Schreur, president and chief investment officer at United Capital Management, Denver, which manages the $35 million fund, said he shortened the average maturity of the fund to nearly 5.5 years in early 1986 from nearly 21 years, where it had been since 1981.

Mr. Schreur said the fund comprises mainly U.S. government securities, primarily direct obligations with some agency issues.

"We think the rally in the bond market is temporary and we're not extending maturities," he said. "We think interest rates will be higher in the next six months than they are today. We don't see any extending of maturities until mid-1988."

Following United of Denver and Sunburst in the three-year period were Centerre Trust Co., St. Louis, with an annualized 18%; Delaware Trust Co., Wilmington, 17.6%; and First Interstate Bank of Denver, 17.2%.

For the five-year period, United Bank of Denver was followed by Delaware Trust, with 16.5%; Sunburst at 16.3%; and First Variable Life Insurance Co., Little Rock, Ark., with a return of 15.8%.

Rebecca Garner, portfolio manager for First Variable, said the $3.5 million fund is conservatively managed, with a heavy weighting in high-yielding corporate bonds. But, she said, spreads between the bonds and U.S. Treasury instruments narrowed in September, resulting in the sale of about 15% of the portfolio.

"The bonds were not sold for credit reasons but for spread reasons," Ms. Gardner said. "The market got too rich and I intend to buy them back at the right time. This is a value-invested fund. I don't buy anything I'm not willing to hold over the long term."

Behind United of Denver in the 10 year period, were Sovran Bank, Richmond, Va., with a compound annualized return of 12.2% and Beverly Trust Co., Chicago, with an annualized 11.8%. ■

Manufacturers Life, Ontario	25.3
Sun Bank, Fla.	24.9
Guardian Ins. (Vari. acct.1), N.Y.	22.7
Citizens Chillicothe (Emp. B), Mo.	22.7
First Union Bank, N.C.	22.0
First Interstate of Denver	21.8
Bessemer Trust, N.Y.	21.6
First Trust Corp., Colo.	21.2
U.S. Nat'l of Oregon (Qualivest)	21.2
Confederation Life, Ontario	21.0
Principal Mutual Life, Iowa	20.8
Philadelphia Nat'l	20.8
First Interstate/Oklahoma	20.7
United of Denver	20.7
Provident Nat'l, Pa.	20.5
American Nat'l Chicago (Active)	20.5
Continental Bancorp, Pa.	20.4
Texas Commerce (Divers.)	20.3
U.S. Nat'l/Galveston, Texas	20.1
Nationwide Life Ins., Ohio	20.0
Manufacturers Detroit	20.0
First of Omaha (D), Neb.	19.9
Home Life, N.Y.	19.8
Nat'l City Cleveland	19.7
Employers Life/Wausau (Acct.1)	19.5
First of America, Mich.	19.5
Norstar Trust Co., N.Y.	19.4
Aetna Life & Casualty, Conn.	19.4
First RepublicBank, Texas	19.3
Massachusetts Mutual	19.2
First Interstate of Oregon	19.1
Wheeling Dollar Bank, W.Va.	19.1
Bank of Tokyo, N.Y.	19.1
Signet Trust Co., Va.	19.0
First Fidelity Bank, N.J.	19.0
CIGNA Corp. (Acct. A), Conn.	18.9
First Variable Life, Ariz.	18.9
First City Nat'l Houston	18.8
Citicorp, N.Y.	18.8
Fifth Third Bank, Ohio	18.7
Penn Mutual Life (Acct.A), Pa.	18.7
First Interstate Washington	18.6
State Street Bank, Mass.	18.6
College Ret. Equities Fund	18.6
Standard & Poor's 500	**18.3**

Callan chosen by Georgia fund

ATLANTA — The $160 million Joint Municipal Employees' Retirement System hired Callan Associates Inc., Atlanta, to analyze investment performance and audit transactions, said Bill Avery, an adviser to the fund.

Previously, the fund had Merrill Lynch & Co., New York, do performance evaluation, and did transaction audits in-house. Callen was selected because of feelings it would provide better service. ■

BellSouth

Stock leaders . . .

Continued from page 63

cording to Mr. Clark. Among those were **Loews Corp.**, **ITT Corp.**, **Seagram Co. Ltd.**, **Monsanto Co.**, **Irving Bank Co.** and **United Technologies Corp.**

Mr. Clark said after the recovery of some initial losses, the fund outperformed the S&P during the week of Oct. 19 by 200 basis points.

United of Denver's fund also was the best performer during the one-year period ended Sept. 30, with 61.7%, edging past California First Bank's investment trust equity fund, and Citicorp Investment Management's pooled asset allocation fund.

California First reaped an impressive 58.4% and Citicorp's "stock shift 200" fund was third at 55.7%, just squeaking past First Fidelity's 55.3%.

The S&P index was a difficult bogey to beat for the 12 months, as fewer than 20% of the managers were able to outperform the S&P's 43.5% return. The median fund returned 35.4%.

The California First Bank fund — which was managed by California First Capital Management, La Jolla, Calif., until the subsidiary was sold to its principals and became Wall Street Associates Oct. 1 (*Pensions & Investment Age*, Nov. 2) — is a diversified and actively driven fund with a bias toward blue-chip stocks, according to Edward Nay, a partner of Wall Street Associates. Since the sale, the assets have been moved into California First's trust department.

The fund has had heavy exposures to technology, specialty chemical, pollution control, capital-goods and drug and tobacco stocks. Those areas were favored for their strong earnings growth potential, Mr. Nay said. "The key criteria is earnings momentum."

Some of the best performers were **Georgia-Pacific Corp.** and **Vista Chemical Co.**, which he said had virtually no competition and explosive earnings in the polystyrene and polyurethane manufacturing arena. Mr. Nay expects pollution control stocks such as **Browning-Ferris Industries Inc.** to perform well in upcoming months, as federal waste clean-up funds are allocated in 1988.

But Clyde Power, a vice president of California First and the new manager of the fund, said the portfolio was badly bruised Oct. 19, sustaining losses slightly greater than the S&P, but just prior to the crash his department had moved heavy into cash. He does not expect the fund to change its positions noticeably during this quarter, but there might be a bigger commitment to semiconductor and computer stocks, such as **Motorola Inc.** and **Computer Factory**.

The $30 million Citicorp fund — an index-based market timing fund with a beta range from zero to 2 — performed well during the year because it was positioned well, said Charles DuBois, vice president of Citicorp Investment Management Inc., New York. Mr. Dubois said the fund had a beta of more than 1 during the fourth quarter of 1986 and the first quarter of 1987, which helped it do especially well.

Mr. DuBois said the fund operates like a full discretion asset allocation account, by allowing managers to trade in futures.

During the third quarter, the fund reduced its market exposure to take a more defensive position. The cash position varied from zero to 10%, but increased to 20% heading into Black Monday. The strategy paid off during the last weeks of October, as the fund did not suffer as much loss as the market did. He said the fund bettered the market indexes by roughly 500 basis points at that critical time.

In the long-term performance categories, the $400 million Sun Banks Inc. fund is becoming a fixture among the leaders in both three-year and five-year periods, with compound annualized returns of 44.7% and 38.9%, respectively.

Other top finishers in the three-year period were Puget Sound National Bank, Tacoma, Wash., whose fund returned a compound annualized 33.8%, and IDS Trust Co., Minneapolis, 33%. The funds were among the 20% to beat the S&P's annualized 29.4% return for the three-year period. The median PIPER manager returned 26.4%.

But in the five-year period, only 26 of the 206 funds tracked for that period could beat the S&P's 26.8% compound annualized return. Among those were The Bank of New England, Springfield, Mass., whose Valuepath fund was second only to the Orlando, Fla.-based Sun Bank's fund with an annualized 30.3% annualized return, and First Union Bank, Charlotte, N.C., slightly behind with 29.9%. The median manager returned 23.5%.

For the 10 years, Sun Bank's fund was topped only by the Toronto-based Manufacturers Life fund. Manufacturers Life returned an annualized 25.3% compared with 24.9% for Sun Banks. The Variable Account 1 equity fund of Guardian Insurance Co. of America, New York; and the employee investment fund of Citizens Bank and Trust Co., Chillicothe, Mo., were close behind with annualized returns of 22.7% each for the period.

First Union Bank, Bessemer Trust and United Bank of Denver also were in the top decile for 10-year results, with compound annualized returns of 22%, 21.6%, and 20.7% respectively.

The top 30% of managers running funds with a 10-year history outperformed the 10-year S&P figure of 18.3%, and the median manager returned a compound annualized 17.2%.

Tony Gray, president of Sun Banks Investment Management Group, said the fund stayed competitive in the third quarter by sticking with the same sectors it favored in the second: consumer goods, pharmaceutical and technology stocks.

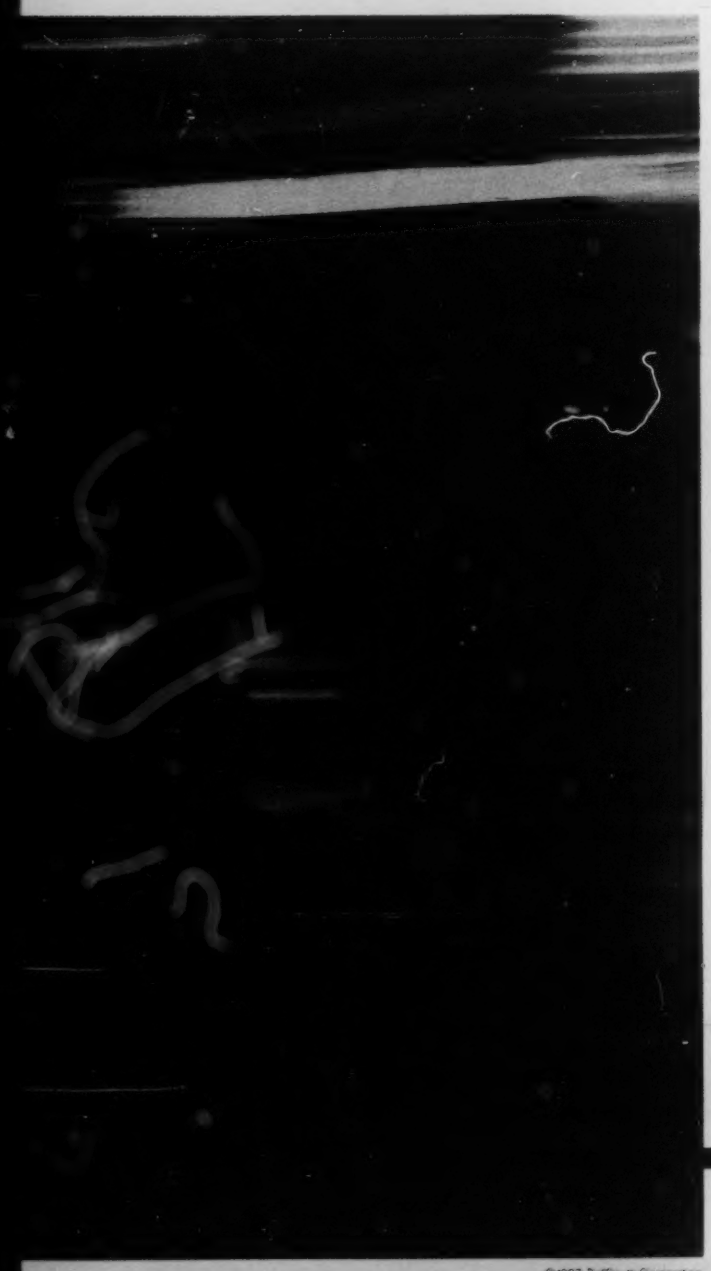
Some additions were made, however, in the energy and machinery sectors. Among the fund's picks in the third quarter were **CPC International Inc.**; **Ralston Purina Co.**; **Quaker Oats Co.**; **Gillette Co.**; **Apple Computer Inc.**; and **Atlantic Richfield Co**.

Mr. Gray said the fund did not do as poorly as the market during the month of October; it outperformed the S&P by three percentage points.

The stocks that fared best in the crash, he said, were **Amoco Corp.**, **Atlantic Richfield,** and **Bristol-Myers Corp.** because of "the feeling that their earnings would hold up even if we were to have a moderate recession."

The hardest hit, he said, were the consumer goods, but that quickly changed. **Johnson & Johnson**, **Kraft Inc.** and **Merck & Co. Inc.** came back strong after sustaining blows on Black Monday and the two days after.

Starting Nov. 2, he said Sun Banks bought transportation stocks, which he said are at bargain prices, even by recession-period standards. ■



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Corporate Finance

New chapter for 'junk' debt

Market drop stops new issues

By Brad Rudin

NEW YORK — Deterred by historically high spreads produced by the Oct. 19 stock market crash, most issuers of high-yield securities have shelved their public offerings until rates ease.

"I would think that new-issue volume in the first quarter of 1988 will be restrained because of uncertainty in the stock market," said John A. Frabotta, a vice president in the high-yield bond group at Merrill Lynch Capital Markets, Boston.

New issue volume in 1988 could fall 20% or 30% from the $50 billion volume expected in 1987, he said.

But the high-yield market is fundamentally healthy, said an official in the Beverly Hills, Calif., office of Drexel Burnham Lambert Inc.

"We've heard talk about weak markets," said the official, who did not want to be identified. "But from what we've seen there's always been a steady stream of buyers. There was a day or two when there was some anxiety, but there was never heavy dumping of bonds."

Mariel C. Clemensen

Investors, spooked by the specter of recession, embarked on a flight to quality that boosted spreads of high-yield debt.

The Drexel Burnham Lambert composite high-yield spread over the 7% Treasuries of 1994 stood at 556 basis points at the end of October compared to 411 basis points at the end of September.

The spread of high-yield debt to the Merrill Lynch Government Index stood at 373 basis points Oct. 19, 483 basis points Oct. 20 and 499 basis points Oct. 21.

The market's lack of direction also had a chilling effect on investors and issuers, analysts said.

"There's no one view pulling (the market) in any particular way," said Mariel C. Clemensen, director of corporate bond research at Donaldson, Lufkin & Jenrette Securities Corp., New York. "There's basically uncertainty. Anytime you have this much uncertainty, you have inactivity."

Some issuers have sought funding in the private market while the public new-issue high-yield market has been shut down, market participants said.

But in the public markets after Black Monday, the only high-yield new issue was offered by SCI Television Inc., Nashville, Tenn. The company issued $400 million of high-yield debt Oct. 21, just two days after the stock market crash widened high-yield spreads to their highest point in history.

SCI Television is owned by the Gilett Corp., Nashville, and Storer Communications Inc., Miami. Storer is a wholly owned subsidiary of SCI Holdings Inc.; both Storer and SCI Holdings were organized by the New York investment firm of Kohlberg Kravis Roberts & Co. for the ac-

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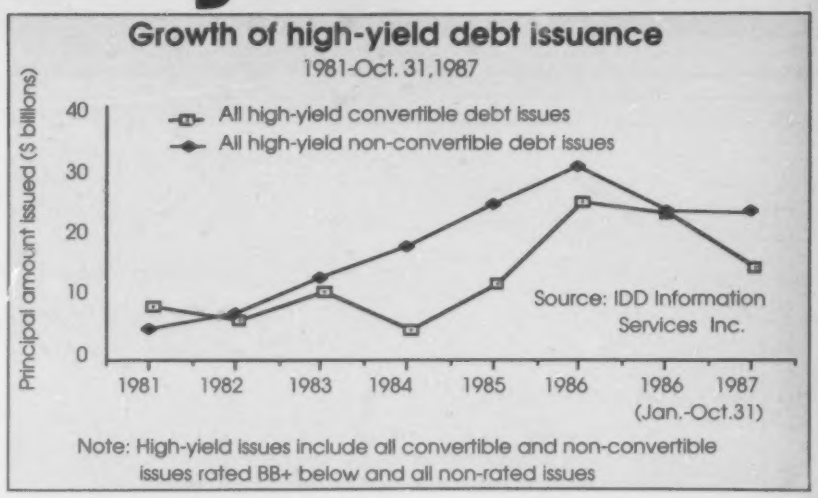

Note: High-yield issues include all convertible and non-convertible issues rated BB+ below and all non-rated issues

Institutional investors still bullish

By Marcia Parker

NEW YORK — Institutional investors, who were exhibiting increased interest in the high-yield market before the stock market crash last month, haven't given up on high-yield bonds even though new public market issues have dried up.

"Small investors have pulled out. That cleans those dollars out of the market . . . and that leaves the long-term players," said a senior high-yield bond trader on Wall Street who wished to remain anonymous.

"Institutional investors aren't running from the market. They are shaken, but what will rekindle their confidence is a stable rising stock market."

Right now, institutional investors are in a flight to quality. They are reviewing their high-yield portfolios, selling the low-quality bonds and keeping the high-quality ones. They're also scouting for the best values available in the market. Some investors and money managers have moved out of the high-yield market temporarily and boosted their cash and Treasury holdings. But they indicated they would return to high-yield bonds when the market stabilized.

Before the Oct. 19 market collapse, interest among institutional investors had been picking up significantly. New players, including foreign investors, a new crop of private and public pension funds, insurance companies, thrifts, foundations and endowments were making their first investments in junk bonds or increasing what had been small initial commitments.

Several Wall Street investment bankers and money managers said they were mak-

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Ratings agencies eye securitization

By Marcia Parker

NEW YORK — The major rating agencies are studying more closely the effect on the financial services industry of the growing use of securitized lending as a financing tool.

As more and more financial services firms feel the competitive pressure to securitize at least a portion of their assets, the magnitude of the market has spurred a stepped-up assessment of the risks and implications for the individual issuer's credit health as well as the industry's.

Executives at Moody's Investors Service and Standard & Poor's Corp., the two major rating agencies, said they have been concerned about the effects of securitization on the financial services industry since its advent and have taken those concerns into consideration when they rate the issuers.

But they acknowledge the increased attention can be attributed both to the rapid-fire growth of securitization and heightened interest from potential issuers and underwriters of asset-backed securities, according to Christopher Baldwin, vice president and associate director-structured transactions.

In fact, many issuers and underwriters interviewed by *Pensions & Investment Age* complained they had been getting conflicting signals and views from the agencies.

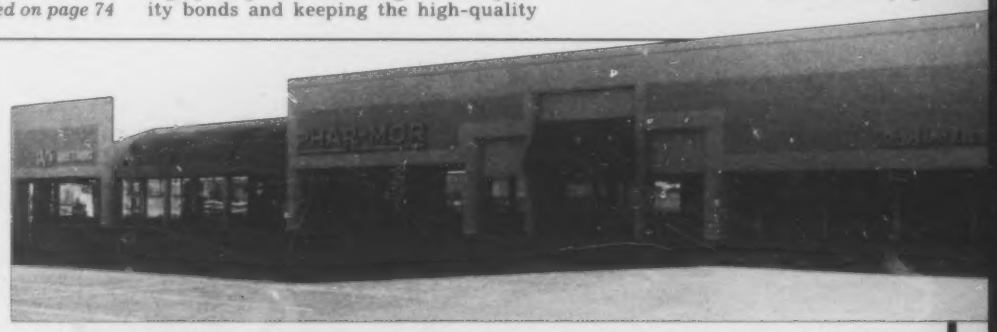
"A number of potential issuers have received contradictory information on how they would be treated if they were an issuer," said Joseph Donovan, vice president, First Boston Corp.

"I think it has kept some of the issuers out of the market. The rating agencies' analysis has a significant impact on the business."

These players have been pressing the rating agencies for more guidance, mainly about how they view the impact of securitization on the general credit quality of the issuer. The agencies also decided to examine the broader impact on the financial services industry as a whole.

A lengthy special report just released by Moody's goes a long way toward addressing some of the complex issues raised by securitization, issuers and underwriters agree. Clifford Griep, senior vice president at Standard & Poor's, said his agency will be publishing a similar report shortly. The Financial Accounting Standards Board also is looking at issues stemming from securitization as part of its study project on financial instruments.

Continued on page 72



Phar-Mor Inc. will be able to expand through a financing agreement with Westinghouse Credit Corp. which allows Phar-Mor to delay incurring interest costs for up to two years.

Interest-ing delay

Phar-Mor credit deal suspends costs

By Brad Rudin

YOUNGSTOWN, Ohio — Under a $50 million financing agreement made with Westinghouse Credit Corp., Pittsburgh, Phar-Mor Inc., the privately held operator of a chain of drug and discount stores, will be able to expand with a credit agreement that allows it to delay incurring interest costs for up to two years.

Phar-Mor will only incur interest costs as it draws down the debt facility during the two-year period. Each increment of the drawdown must be at least $5 million.

The company, which owns 52 stores in 11 states in the Midwest, East and South, is owned by management, members of management's family and outside investors.

In addition to the 10-year senior subordinated notes purchased by Westinghouse, the finance company will receive warrants for the purchase of Phar-Mor stock.

Neither the coupon on the notes nor the number of warrants was disclosed.

"For us it's a reasonable coupon on a current return basis for the transaction," said Bill Harper, vice president in charge of corporate finance at Westinghouse Credit. "Certainly, to the extent that we are willing to look to a good portion of our total return from the upside of the equity, that speaks to our confidence in the business, the management and

Continued on page 73

Growth of asset backed securities

	Non-mortgage related securities		Mortgage-related securities*	
	# of issues	Volume ($ bils.)	# of issues	Volume ($ bils.)
1985	7	1.2	218	19.7
1986	23	10.3	397	57.4
1987**	31	7.6	425	77.0
TOTAL	61	19.1	1,040	154.1

* Includes pass throughs, participation certificates and CMOs
** Through November 9, 1987

Source: IDD Information Services

Securitization . . .

Continued from page 71

Some issuers and underwriters took issue with Moody's concerns about the risks of securitization. For instance, the report said although one of the perceived attractions of securitization is to reduce balance sheet risk by selling assets, Moody's says that is not happening in many cases. The agency said some securitized structures may be increasing risk through the retention of significant off-balance-sheet residual risks and by a shift in the issuers' asset mix to assets of lower quality.

Most issuers and underwriters said they felt the report fell short of giving them the detailed analysis they desire on how issuers will be treated.

"It does raise issues; it doesn't answer questions," said one investment banker active as issuer and underwriter.

Jay Weintraub, vice president of corporate bond research at Salomon Brothers Inc., said the report raised legitimate issues. But he said asset securitization would have to grow dramatically "before it would be something the credit agencies would really have to be concerned about. Overall, securitization is a good thing."

The use of asset securitization as a financing tool has grown dramatically in recent years. Mortgage-backed securities outstanding exceed $600 billion today, while trading volume last year was well over $2 trillion.

Issuers include commercial banks, investment banks, insurance companies, thrifts, mortgage banks, homebuilders, manufacturers, retailers and finance companies. These institutions have securitized a host of assets to secure debt, ranging from home mortgages to car loans to credit card receivables to corporate loans.

For issuers, the benefits are many, mainly better returns on capital and increased financial flexibility.

Mr. Griep said securitized assets allow direct access to financial markets. As a result, intermediary expenses may be eliminated, which lowers financing costs to borrowers. The successful growth of the $500 billion mortgage security market already has indicated the potential benefits to those issuers. They get to pass on or eliminate credit, interest rate and funding risks associated with balance sheet lending; add balance sheet liquidity, which improves asset management; and diversify credit risk.

Moody's identified six credit impact areas, which issuers and underwriters said would help them understand how the agency analyzes and rates them:

- The extent to which the default risk on the assets sold has been transferred from the originator/seller to the purchaser.
- The extent to which securitized asset sales affect the originator's ability to manage its asset/liability mismatch;
- The degree to which the originator's asset quality deteriorates as a result of securitized asset sales and concurrent reinvestment of proceeds in new assets.
- Whether the issuer has too great a reliance on a single funding vehicle, which may result in increased risk to the originator. That concern is warranted, Moody's said, because there is no certainty the market for publicly rated, asset-backed securities will continue to provide the same degree of depth as it has in the past. As a result, Moody's analysis will focus on the refinancing risk to the originator in terms of its access to the asset-backed securities market being impaired by company-related or exogenous factors.
- Servicing risk, since most securitized asset sales occur with responsibility for servicing the assets retained by the originator. The retention of servicing risk is a residual risk that involves an ongoing use of financial flexibility, the agency said. It considers servicing fees generated by the portfolio, the originator's administrative efficiencies, the ease with which servicing rights may be sold to third parties, and the credit quality of the serviced book of business.
- The degree to which the use of securitized asset sales mitigates the financial constraints that may have contributed in the past to a limit on market share growth. Moody's said it evaluates many aspects of the originator, including competitive environment, regulatory support, and credit quality of the new business the originator is seeking. ●

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American Airlines 1987-A Grantor Trusts

Equipment Note Pass Through Certificates Series 1987-A

AmericanAirlines

Each Pass Through Certificate offered by the Prospectus will represent a fractional undivided interest in one of the seven American Airlines 1987-A Grantor Trusts to be formed pursuant to seven separate trust agreements between American Airlines, Inc. and the Connecticut National Bank as trustee under each Trust. The trust property of the Trusts will consist of equipment notes issued on a non-recourse basis by certain owner trustees pursuant to six separate leveraged lease transactions to refinance approximately 80% of the equipment cost of six McDonnell Douglas DC-9-82 aircraft leased to American in 1986.

Interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on January 1 and July 1 of each year, commencing January 1, 1988, at the rate per annum set forth below for such Trust until the final distribution date for such Trust set forth below. Principal paid on the Equipment Notes held in Trusts 1987-A1 through 1987-A5 will be passed through to the Certificateholders of each such Trust in a single payment on the final distribution date for such Trust set forth below, and principal paid on the Equipment Notes held in Trusts 1987-A6 and 1987-A7 will be passed through to the Certificateholders of each such Trust in scheduled amounts on January 1 and July 1 of each year, commencing July 1, 1992 and January 1, 1998, respectively, until the final distribution date for such Trust set forth below.

Pass Through Certificate	Principal Amount	Interest Rate	Final Distribution Date	Price to Public
1987-A1	$ 3,447,770	8.96%	January 1, 1988	100%
1987-A2	6,523,000	9.13	January 1, 1989	100
1987-A3	9,928,000	9.42	January 1, 1990	100
1987-A4	7,881,000	9.65	January 1, 1991	100
1987-A5	1,705,000	9.97	January 1, 1992	100
1987-A6	19,949,000	10.52	January 1, 1997	100
1987-A7	43,188,000	11.11	January 1, 2005	100

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Copies of the Prospectus may be obtained in any State from only such of the undersigned as may legally offer these Securities in compliance with the securities laws of such State.

MORGAN STANLEY & CO. Incorporated

SALOMON BROTHERS INC

October 5, 1987

Cash Management

Cosponsored issues fill gap

By Fred Williams

Salomon Brothers Inc.'s withdrawal from the commercial paper market likely will prompt more corporate financial executives to issue cosponsored paper programs with two dealers.

"We didn't hire two dealers with the idea of having a backup, but this strengthens the idea of having two dealers. Today I suppose there also is less confidence that all the investment banking firms will be around five years from now," said A.M. Strecker, vice president and treasurer at Oklahoma Gas & Electric Co., Oklahoma City, which used Salomon Brothers and First Boston.

"It was quite a shock to us," Mr. Strecker said of the New York investment banking firm's decision. "A lot of people are upset about it. Had they been our sole dealer, we would probably have been frustrated."

Donald G. Reid, president of the Ashwell Division of the Chicago Corp., a money market and commercial paper consulting firm, agreed commercial paper clients would be using "a lot more cosponsored commercial paper programs because of the uncertainties in the market now."

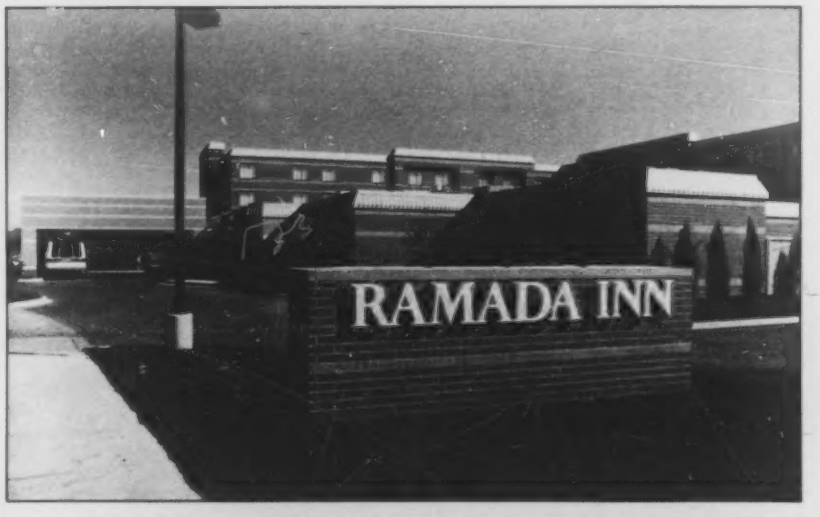
"It puts the corporate treasurer on the horns of a dilemma worrying about who will withdraw from the market . . . Right now co-managed programs are growing at a much greater rate than the single sponsored programs," said Mr. Reid.

Investment banking firms are preparing for the move toward cosponsored issues. Goldman, Sachs & Co., New York, for example, no longer will require being the exclusive dealer before it will agree to sell a client's paper.

Other corporate executives said Salomon's decision caught them off guard, leaving them uncertain about the future.

Salomon's commercial paper clients said they are putting off issues, seeking new issuers or are relying on their other dealers to take over the entire program.

Craig Sullivan, assistant treasurer at Ramada Corp., Phoenix, Ariz., said his company withdrew a proposed a $50 million unrated paper program with Salomon, which it had recently hired, when Salomon's decision was made.



Ramada Corp. withdrew a proposed $50 million unrated commercial paper issue with Salomon Brothers after Salomon officials announced their firm plans to leave the commercial paper business by year end.

"We had our legal and (Securities and Exchange Commission) opinions and were within a week to 10 days when they pulled out," he said. "We received no advance word.

"They told us what they were doing, and we weren't aware of their decision to phase out by December or January. That was not part of the offer. In fairness to them, they probably didn't want to take a new program to market even if it were for two months. It would not have been in their or our best interests. They are trying to unwind what they have and didn't want to start something new."

Mr. Sullivan said Salomon has offered to help Ramada connect with another paper dealer "but with unrated paper, that makes it a little tricky for us. An unrated issue takes a Salomon Brothers to put their arm around your shoulder and lead you to the market. When they put their name behind you, it means something.

"We were going to start small at the $50 million level, and take a slow approach to see how well we were accepted and compare the pricing vis a vis under our bank lines and see what the spreads were. We wanted to get our names in the market," said Mr. Sullivan.

He said Ramada will not have to start over again. "We're not quite back to square one yet, but it is more a question now of someone approaching us or us approaching them and taking us to the marketplace," he said.

"They were our sole dealer. We are now

Continued on page 76

Notes

Hospital council hires asset manager

LOS ANGELES — The Hospital Council of Southern California, a non-profit organization of more than 230 health-care facilities, has approved Alan G. Seidner Co., Pasadena, Calif., for use by its members as a short- and medium-term investment manager.

Seidner is a fixed-income asset manager and consulting firm. HCSA approved Seidner for use by member facilities to manage cash surplus accounts as well as bonds, depreciation accounts and endowment funds.

"AGS' management techniques, data analysis and ability to obtain highly competitive execution prices will allow HCSC members to achieve a higher yield than they may presently be getting without increasing risk," said Leon Starr, HCSC vice president-financial affairs. Mr. Starr called the use of an outside investment manager "preventative medicine."

"The lack of highly specialized knowledge and constant involvement required for investing in today's market can result in financial exposure as well as legal exposure. HCSC's appointment of an approved investment management and consulting firm will hopefully protect our members from such exposure," he said.

USAA Credit rated

NEW YORK — Moody's Investors Service Inc., New York, has rated USAA Credit Corp., San Antonio, Texas, Prime-1 for commercial paper.

USAA Credit Corp. has issued commercial paper only in the United States for the past two years.

Although USAA Credit plans to extend its paper program to the Euromarket, the company will confine the total program to $500 million outstanding, according to Moody's.

The P1 rating is based on a net worth maintenance agreement between the issue and its parent, United Services Automobile Association, which guarantees the

Continued on page 77

Payden & Rygel index of short maturity assets*
(for month ended October 31)

	October 1987	Quarter ended 9/30/87	Year to date	12 months ended 10/31/87	Yield level monthly change*
90-day					
U.S. Treasury bill	0.7870	1.4083	5.1552	6.0370	−134
Domestic C.D.	0.7632	1.5457	5.5215	6.4326	−60
Eurodollar C.D.	0.7977	1.5759	5.6242	6.6077	−70
180-day					
U.S. Treasury bill	0.9549	1.2106	5.1494	5.9794	−85
Domestic C.D.	0.9596	1.2826	5.1180	5.9259	−73
Eurodollar C.D.	1.0011	1.3132	5.2116	6.0854	−80
1-year					
U.S. Treasury note	1.6639	0.7415	4.8743	5.6799	−117
2-year					
U.S. Treasury note	2.4712	−0.0253	3.8440	4.7817	−102

*Figures are unannualized total returns. Year-to-date and 12-month figures linked monthly. Ninety- and 180-day Treasury bill yield level changes on discount basis.
*Basis points.
Source: Payden & Rygel, Los Angeles

MDU moves $42 million among five

By Barry B. Burr

BISMARCK, N.D. — MDU Resources Group Inc. reassigned some $42 million in corporate cash among five investment managers, including three running dividend capture programs, said Douglas Mahowald, manager-treasury services.

The energy company hired Paramount Capital Group Inc., New York, and Weiss Asset Management, Hartford, Conn. Paramount was assigned $10 million and Weiss, $11 million, to run in dividend capture programs.

In addition, Mr. Mahowald said MDU assigned $2 million to P.R. Burke & Co., New York, to run in a strategy that buys and simultaneously shorts common stocks in the same industry.

MDU dropped Stovall/Twenty-First Advisers Inc., New York, which had run about $5 million in a similar long-and-short common stock strategy for about a year.

Also, MDU halved the assignment to New York-based Wharton Asset Management Corp.'s dividend capture program to $3.5 million.

Mr. Mahowald said MDU has virtually all its corporate cash, now about $70 million, with outside managers. It runs about $1 million in-house in cash equivalents, he added.

He said the company made the changes to adjust its allocation to different strategies, declining to be more specific.

According to Mr. Mahowald and Geoffrey S. Bradshaw-Mack, Paramount vice president, Paramount buys industrial common stocks with dividend yields of at least 5% as part of its dividend capture strategy.

At the same time, Paramount sells deep-in-the-money call options on the individual stocks to earn a premium and hedge against declines of particular stocks. In a deep-in-the-money call, an option's exercise price is below the current market price of the particular stock.

Mr. Bradshaw-Mack said Paramount will sell the deepest-in-the-money calls allowable to still qualify dividends for the 80% corporate income tax exclusion. He said that means calls having exercise prices one or two strike prices below the current market price.

In addition, he said Paramount buys put options, primarily on the Standard & Poor's 100 stock index, to protect against overall market drops. Sometimes Paramount will buy put options on the major market index, which tracks the Dow Jones industrial average, he added.

Weiss, in its dividend capture program, buys common stocks of electric utilities and regional telephone companies while it hedges by shorting common stocks of other companies in the same industries, explained George Weiss, principal.

Burke's strategy involves buying the strongest common stocks in any particular industries, while

Continued on page 76

Statistically speaking

Industrials top 3rd quarter stocks

By Trudy Ring

Basic industry stocks performed best in the third quarter, with a 10.1% price gain while the Standard & Poor's 500 stock index gained 5.8%, according to DeMarche Associates.

In the bond market, financial issues had the best return even though their prices declined 1.4%. The market, as measured by the DeMarche Pension Fund Bond Index of 6,000 issues, was down 2.5%.

Basic industry stocks' performance in the quarter boosted them to first place for the nine- and 12-month periods ended Sept. 30, with gains of 44.1% and 52.9% respectively. The S&P 500 was up 32.9% for the first three quarters of 1987 and 38.7% for the year ended Sept. 30.

The stock performance figures exclude dividends, while the bond figures are total return.

The basic industry sector includes companies in the automotive, building material, chemical, electrical equipment, metal and transportation industries.

The technology sector had the second best return for the quarter, 6.2%. For the first three quarters, it was up 40%; for the year, 46%. The sector consists of companies in the aerospace, drug, electronics and office equipment industries.

The consumer spending sector ranked third in the quarter, slightly underperforming the market at 5.6%. For the year-to-date and 12-month periods, it gained 36.2% and 43.2% respectively. This sector includes the household goods, food and beverage, tobacco, media, textile and retail industries.

Stocks sensitive to interest rates gained 4.7% in the quarter. For the nine- and 12-month periods, this sector was up 9.5% and 12% respectively. The sector includes banks, savings and loans, insurance companies and large gas, electric and telephone utilities.

Energy stocks had the worst performance of the quarter, declining 1.4%. For the first three quarters, the sector gained 34.9%; for the year ended Sept. 30, 40.6%. Domestic and international oil companies and oil service and equipment companies are in this sector.

The quarter's 10 best-performing industries were miscelianeous metals and minerals, up 39.7%; tobacco, up 27.6%; aluminum and copper, up 21.2%; general machinery, up 21.1%; steel, up 19.8%; electronics, up 16.5%; telephone, up 13.3%; electrical equipment, up 12.9%; consumer non-durables and building materials, both up 12%.

The 10 worst-performing industries were textiles, down 8.9%; banks, down 4.5%; electric utilities, down 3.4%; domestic oil, down 2.1%; international oil, down 1.3%; air transportation, down 1.1%; retail, up 0.1%; lodging and restaurants and food packaging and processing, both up 0.6%; and office equipment, up 1%.

The 10 best-performing individual stocks were **Newmont Mining Corp.**, up 108.9%; **FMC Corp.**, up 58.6%; **Tracor Inc.**, up 58%; **CNW Corp.**, up 57.5%; **First Mississippi Corp.**, up 56.4%; **Reynolds Metals Co.**, up 55.8%; **G. Heileman Brewing Co.**, up 52.6%; **USG Corp.**, up 48.9%; **Phelps Dodge Corp.**, up 47.7%; and **Singer Co.**, up 47%. Seven of the 10 are in the basic industry sector; the exceptions are Heileman and Singer, both consumer spending, and Tracor, technology.

DeMarche also analyzes the stock market by issues' quality, growth and yield, dividing stocks into four groups for each characteristic. As ranked by quality, below-average stocks performed best in the quarter, rising 9.2%. As rated by growth, stocks with moderate, stable growth did best, gaining 6.8%. As ranked by yield, stocks in the two lower yield quartiles performed best, rising 9% in price.

The bond market had its second consecutive negative quarter, after 11 straight quarters of positive returns. For the year ended Sept. 30, the DeMarche bond index gained 2.1%; for the past nine months, it decreased 2.3%.

Financial issues, the best performers in the quarter, also ranked first for the nine-month period, when they were down 0.4%, and the year, when they gained 3.6%.

Yankee and foreign issues ranked second in the quarter, down 1.7%. They declined 0.7% for the first three quarters of 1987 and gained 3.5% for the year ended Sept. 30.

Industrial bond issues declined 2.1% in the quarter and 1.2% in the nine months. They returned 3.1% for the year. U.S. government bonds were down 2.6% in the quarter and 2.5% in the nine months, while gaining 1.2% for the year.

Utility bonds declined 3.5% in the quarter and 3.9% in the nine months; they gained 1.4% for the year. Canadian issues were down 4.4% in the quarter and 5% for the nine months, while gaining 0.1% for the year.

Telephone bonds ranked last in all periods, declining 4.6% for the quarter, 6.5% for the nine months and 0.8% for the year.

As ranked by quality, issues rated BAA and lower had the best relative return for the quarter, declining 1.8%. As ranked by maturity, bonds with maturities of one to five years did best, gaining 0.1%. As ranked by quality and maturity combined, BAA rated bonds with maturities of one to five years did best, gaining 0.5%.

As categorized by coupon rates, bonds with low coupons — in the 0 to 2.9% range — had the best total return, 1.5%.

GIC rates up sharply in September

By Fred Williams

Rates on insurance company guaranteed investment contracts moved substantially higher during the third quarter, with double-digit yields available on some five-year contracts.

GIC rates jumped as much as 60 basis points in September causing the yield curve to steepen on some longer-term contracts.

"The yield curve took some interesting shifts" in the third quarter, said Peter Bowles, principal with the GIC management firm of Fiduciary Capital Management Inc., Woodbury, Conn. "Rates were 65 to 85 basis points higher at the end of the quarter than at the beginning for various contracts depending on maturities."

For example, he said, the spread between a three- and a five-year simple-interest contract increased to 135 basis points at the end of September from 88 basis points at the beginning of the quarter.

The spread between three- and five-year medium-term contracts remained essentially flat. For five- and seven-year contracts, the yield spread increased to 30 points in September from 19 basis points at the beginning of the quarter.

"All this says is that the yield curve became more steep during the quarter and you got paid more for going longer," said Mr. Bowles.

Most brokers and managers said recent stock market volatility, including the 508-point drop Oct. 19, has created volatility in the fixed-income areas as well.

Mr. Bowles said violent swings in the stock market have created "more volatility than I have ever seen in the GIC market." He cited one insurance carrier that dropped its quoted rates 130 basis points one day and then increased the rate 50 basis points the next.

"There have also been a lot of placements that were scheduled which are being postponed because of the volatility in rates," he said.

David Rubin, senior director at the Beverly Hills, Calif., investment banking firm of Chambers, Dunhill, Rubin & Co., said he has seen substantial sums of money flowing to GICs by corporations trying to lock in the higher rates.

During September, he said, spreads by GICs over Treasury bills of similar maturities became "weaker and weaker; September was just awful." Spreads on a three-year contract were about 55 to 75 basis points over Treasuries, he said.

David Perry, president of Certus Financial Corp., a GIC management firm in San Francisco, said while spreads have narrowed, nominal yields on GICs are near two-year highs.

"If you subscribe to the theory that when spreads are high GICs are undervalued, you wouldn't be buying contracts now," he said. "But if you look at the nominal yields, which are higher than they have been in two years, GICs merit a lot of consideration . . . Spreads are important but it is not necessarily the only consideration."

John Knight, president of Lamberson Knight GIC Inc., Short Hills, N.J., said the narrowing spreads are partially because of insurers reaching their capacities. Third-quarter GIC activity was "fairly boring," he said.

Mr. Knight said following the 508-point decline in the market Oct. 19, about 90% of insurance companies were not even bothering to quote GIC rates, with short-term interest rates fluctuating as much as 200 basis points in one day.

He said the companies were waiting for market conditions and interest rates to stabilize because, with yields being driven down, "the companies had no place to go to cover themselves" on the investment side.

Lamberson Knight and GIC Inc., Beaverton, Ore., both provide rate quotations from insurance companies. Representative rates on five-year, single-deposit, simple-interest, $1 million GICs were as follows:

- Aetna Life & Casualty Co., Hartford, Conn., 9.41%, Sept. 30; and 8.19%, June 30.
- Allstate Life Insurance Cos., Northbrook, Ill., 9.71%, 8.56%.
- American United Life Insurance Co., Indianapolis, 9.34%, 8.31%.
- Bankers Life Assurance Co., Des Moines, Iowa, 9.05%, 8.22%.
- Canada Life Assurance Co., Toronto, 9.85%, 9.01%.
- CNA Insurance Co., Chicago, 9.44%, 8.79%.
- Confederation Life Insurance Co., Toronto, 9.69%, 8.95%.
- Connecticut Mutual Life Insurance Co., Hartford, 9.56%, 8.72%.
- Crown Life Insurance Co., Toronto, 9.71%, 8.77%.
- General American Life Insurance Co., St. Louis, 9.66%, 8.61%.
- Great West Life Assurance Co., Denver, 9.61%, 8.73%.
- Hartford Insurance Group, Hartford, Conn., 9.76%, 8.75%.
- Home Life Insurance Co., New York, 9.56%, 8.66%.
- John Hancock Mutual Life Insurance Co., Boston, 9.43%, 8.5%.
- Life Insurance Co. of Georgia, Atlanta, 9.4%, 8.85%.
- Life Insurance Co. of Virginia, Richmond, 9.53%, 8.72%.
- Lincoln National Life Insurance Co., Fort Wayne, Ind., 9.73%, 8.64%.
- Massachusetts Mutual Life Insurance Co., Springfield, 9.64%, 8.07%.
- Minnesota Mutual Life Insurance Co., St. Paul, 9.94%, no quote.
- Mutual Benefit Life Insurance Co., Newark, N.J., 9.7%, 8.58%.
- Mutual of New York, New York, 9.56%, 8.52%.
- New England Mutual Life Insurance Co., Boston, 9.51%, 8.3%.
- New York Life Insurance Co., New York, 9.75%, 8.9%.
- Northwestern National Life Insurance Co., Minneapolis, 9.65%, 8.85%.
- Ohio National Life Insurance Co., Cincinnati, 9.77%, 8.97%.
- Pacific Mutual Life Insurance Co., Newport Beach, Calif., 9.46%, 8.2%.
- Pan American Life Insurance Co., New Orleans, 9.74%, 8.94%.
- Penn Mutual Life Insurance Co., Philadelphia, 9.87%, 8.92%.
- Phoenix Mutual Life Insurance Co., Hartford, Conn., 9.74%, 8.76%.
- Provident Mutual Life Insurance Co., Philadelphia, 9.46%, 8.52%.
- Provident National Assurance Co., Chattanooga, Tenn., 9.57%, 8.58%.
- SAFECO Corp., Seattle, 9.6%, 9.27%.
- Southwestern Life Insurance Co., Dallas, 10.1%, 8.93%.
- State Mutual of America, Worchester, Mass., 9.6%, 8.45%.
- Union Central Life Insurance Co., Cincinnati, 9.88%, 8.81%.

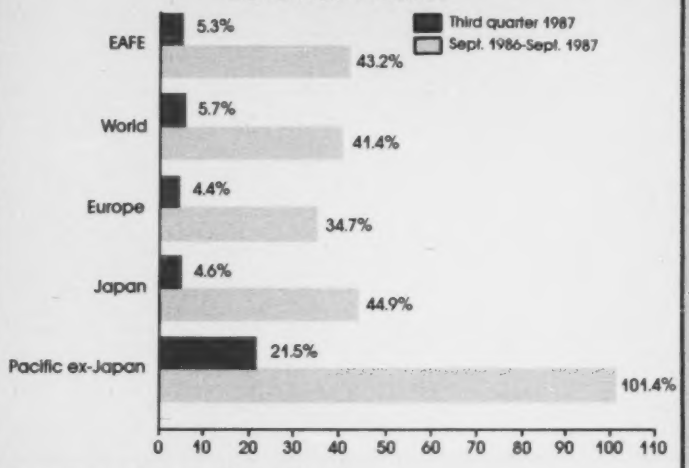
William M. Mercer-Meidinger-Hansen Asset Planning, Dallas, also surveys insurance companies for rate quotations but does not identify them by name. A summary of various bullet GICs for September is as follows:

- Three-year, $1 million, compound: high, 9.31%; low, 7.8%; average, 8.75%.
- Three-year, $1 million, simple: high, 9.35%; low, 7.77%; average, 8.73%.
- Five-year, $1 million, compound: high, 10.06%; low, 8.15%; average, 9.43%.
- Five-year, $1 million, simple: high, 10.06%; low, 8.15%; average, 9.24%.
- Seven-year, $1 million, compound: high, 10.4%, low, 8.82%; average, 9.77%.
- Seven-year, $1 million, simple: high, 10.4%; low, 8.81%; average, 9.67%.
- Three-year, $5 million, compound: high, 9.46%; low, 8.07%; average, 8.83%.
- Three-year, $5 million, simple: high, 9.41%; low, 7.86%; average, 8.78%.
- Five-year, $5 million, compound: high, 9.94%; low, 8.55%; average, 9.53%.
- Five-year, $5 million, simple: high, 9.91%; low, 8.44%; average, 9.42%.
- Seven-year, $5 million, compound: high, 10.34%; low, 7.86%; average, 9.86%.
- Seven-year, $5 million, simple: high, 10.32%; low, 8.86%; average, 9.73%.
- Three-year, $10 million, compound: high, 9.5%; low, 7.91%; average, 8.86%.
- Three-year, $10 million, simple: high, 9.45%; low, 7.89%; average, 8.81%.
- Five-year, $10 million, compound: high, 10%; low, 8.51%; average, 9.56%.
- Five-year, $10 million, simple: high, 9.85%; low, 8.46%; average, 9.43%.
- Seven-year, $10 million, compound: high, 10.45%; low, 8.87%; average, 9.86%.
- Seven-year, $10 million, simple: high, 10.34%; low, 8.88%; average, 9.73%.

Statistically speaking

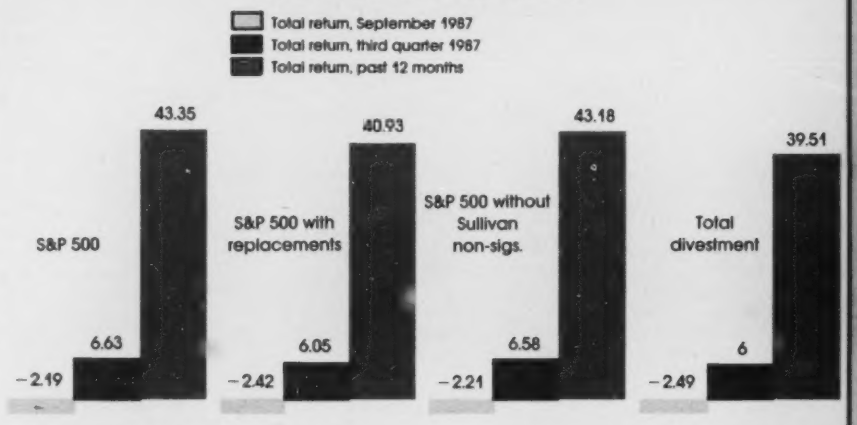
The Statistically Speaking page offers an at-a-glance look at statistics for the latest quarter.

Morgan Stanley Capital International worldwide indexes



Source: Morgan Stanley Capital International
Indexes are in US dollar terms without dividends reinvested

South Africa Free Index



Source: Wilshire Associates, Santa Monica, Calif.

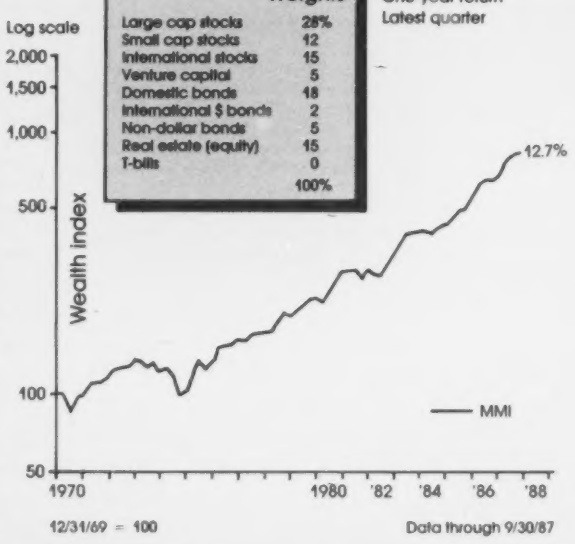
S&P 500 with replacements: replaces a South Africa-related company with next largest company in the industry. **S&P 500 without Sullivan non-signatories:** excludes 20 companies, no replacements. **Total divestment:** eliminates all companies with South Africa involvement, no replacements.

Multiple Markets Index

The Multiple Markets Index is a benchmark for total portfolio returns. It is composed of eight asset classes used by retirement plan executives; it is calibrated to reflect the same degree of risk of the typical pension portfolio; it uses passive fixed policy weights; and it represents the individual asset classes by the broadest and most complete market return data available.

Weights	
Large cap stocks	28%
Small cap stocks	12
International stocks	15
Venture capital	5
Domestic bonds	18
International $ bonds	2
Non-dollar bonds	5
Real estate (equity)	15
T-bills	0
	100%

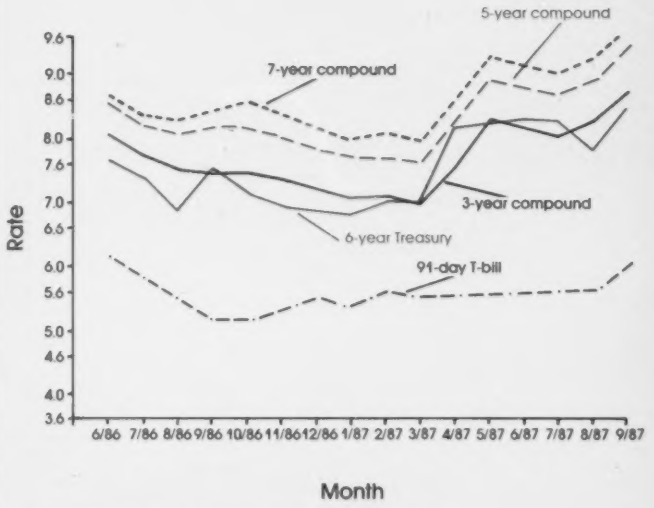
Five-year annualized return	22.2%
One-year return	26.9%
Latest quarter	2.9%



12/31/69 = 100 — Data through 9/30/87

Source: First Chicago Investment Advisors, Chicago

William M. Mercer-Meidinger-Hansen Inc. summary of average bullet GIC data vs. market yields ($ millions)



Source: William M. Mercer-Meidinger-Hansen Inc., Louisville, Ky.

Third quarter 1987 returns

	Russell 3000®	Russell 1000®	Russell 1000® by market capitalization				Russell 2000®
			Large	Medium/large	Medium	Medium/small	
Technology	6.7%	7 %	2.7%	13.8%	14.6%	8.3	4.9%
Health care	5.1	5.4	6.1	6	0.7	2.6	2.7
Consumer discretionary	4	4	8.1	3.8	2.9	1.5	4.3
Consumer staples	9.8	10.1	17.3	1	7.6	6.1	1.8
Integrated oils	−0.7	−0.7	−0.5	−3.8	1.2	14.6	8.9
Other energy	0.9	1.5	—	0.1	2.6	2.5	−2.9
Materials and processing	11.6	12	9.9	9.3	15.7	12.2	9.3
Producer durables	12.2	13.5	15.7	10.3	18.1	11.5	3.6
Auto and transportation	5.2	5	0.8	10.1	2.9	4.4	7
Financial services	3.5	3.6	5.5	4.6	1.7	4.5	1.3
Utilities	6.1	6.3	14.5	−0.9	1.2	0.7	0.8
Total	6.1	6.3	7.3	5.5	6.2	5.4	4.2

Source: Frank Russell Co., Tacoma, Wash.

Earnings . . .

Continued from page 2

third-quarter results that lagged their performance in the same period last year.

In addition to Morgan Stanley, First Boston Inc. and Merrill Lynch & Co. produced third-quarter numbers that exceeded their performance in the third quarter of 1986.

"It was an OK quarter, but not a barn burner," Ms. McCoy said.

Morgan Stanley posted earnings per share of $2.82, an 80% increase from the $1.57 earned in the third quarter of 1986.

Officials of the brokerage firm, in a prepared statement, attributed the strong performance to a high level of activity in mergers and acquisitions, restructuring and underwriting. The firm's "equity and fixed-income sales and trading businesses performed well in the face of market conditions that were often difficult during the quarter," according to S. Parker Gilbert, chairman, and Richard B. Fisher, president.

"They really seem to be in step in all lines of their business," said Drexel's Mr. Keefe. "They are really very, very solid."

Morgan Stanley's earnings exceeded the estimate of First Boston's research unit, which had been expecting earnings of $2 to $2.30.

Michael W. Blumstein, the brokerage analyst at First Boston, said in a recent report that Morgan Stanley generated a record $262 million in revenue from its investment banking operation — merger and acquisitions and underwriting.

Despite Morgan Stanley's strong performance in the first three quarters, Mr. Blumstein said he is reducing his 1987 earnings estimate to $9 from $9.25: "This implies a fourth quarter of only $1.25, but we think caution is called for now."

Mr. Blumstein said a slowdown in underwriting and mergers and acquisitions activity were the source of his concern.

For Salomon, however, the future seems more troubled. Earnings per share tumbled to 18 cents from 82 cents in the third quarter of 1986 even though revenue slipped only slightly.

"Decreased revenue, combined with higher costs resulting from past expansion, in turn reduced profits," Salomon Chairman John Gutfreund said in a statement.

The firm plans to reduce annual operating costs by $150 million, partly through work force reductions, Mr. Gutfreund added.

Mr. Blumstein offered a guarded view of Salomon's restructuring plans, saying in his report "a turnaround is not just around the corner, particularly given the difficult market environment . . . for some time to come."

Although Merrill Lynch's earnings increased dramatically from the third quarter of 1986, much of the results can be attributed to a pretax gain of $122.6 million from the firm's sale of its partnership interest in the South Tower of the World Financial Center in Manhattan.

Without the sale, earnings would have stood at 86 cents rather than the $1.72 reported, said Stephen J. Schwartz, the brokerage analyst at Shearson Lehman Brothers Inc.

Merrill Lynch reported earnings of 86 cents for third quarter 1986. ■

SEC issues rule

WASHINGTON — Investment advisers must disclose to clients disciplinary action and financial problems, according to a Securities and Exchange Commission rule that codifies prior court rulings and administrative decisions on the subject.

The rule, which was introduced more than a year ago and adopted with modifications recently, requires investment advisers to disclose actions taken against them within the past 10 years by courts, government agencies and self-regulating entities such as the New York Stock Exchange.

The rule will take effect 60 days after publication in the Federal Register, which likely means an effective date in December, said Thomas S. Harman, who heads the SEC's Office of Disclosure and Adviser Regulation.

It also requires investment advisers to disclose financial conditions that could reasonably prevent them from fulfilling their obligations to clients.

These disclosures, part of Rule 206(4)-4 under the Investment Advisers Act of 1940, can be made orally or in writing, Mr. Harman said. If the disclosures are made orally, the investment adviser bears the burden of establishing the communication was made.

The SEC proposed the rule to emphasize the disclosure requirement found in case law, he said, explaining codification of court precedent gives the disclosure requirement greater visibility. "We don't think that the rule establishes a new point of law."

Non-compliance with the requirement has been a concern to SEC regional offices around the country, Mr. Harman said.

In its cost benefit analysis of the rule, the SEC said enforcement costs "could decrease because codifying the standard should increase compliance."

The SEC can secure compliance with the rule by filing civil suits or criminal complaints. Conviction on a criminal charge of nondisclosure carries a maximum fine of $10,000 and a prison term of not more than five years, Mr. Harman said. ■

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The employees of Reckitt & Colman. We manufacture and market leading consumer products including French's Mustard, Binaca, Magic Mushroom and Durkee's Spices. Recent acquisitions have created an opportunity for a Corporate Manager of Employee Benefits.

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You will need a college degree and 8+ years' progressive experience in Benefits Administration, including plan design. In-depth pension management experience is also essential, as is a background in GIC negotiations, a thorough knowledge of ERISA reporting and disclosure requirements.

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100 eyed for proxy action

By Marcia Parker

A handful of major institutional investors led by the $31.5 billion New York State Common Retirement Fund are sponsoring shareholder resolutions for the 1988 proxy season, calling on more than 100 companies to withdraw from South Africa.

Meanwhile, New York State Comptroller Edward V. Regan, who is responsible for the New York State fund, who has waged the biggest South Africa shareholder resolution campaign, criticized the divestment drive that other funds have pursued. He accused them of sustaining significant losses at the expense of pensioners and taxpayers by selling stock in portfolio companies, and questioned whether they are carrying out their fiduciary responsibilities under the law.

"The selling of shares from a large portfolio is costly. The New Jersey state pension fund divested of $3.4 billion of assets at a cost of $26.1 million in transaction costs and $25 million annually in lost investment opportunities," he said.

"Such a churning of the portfolio is not conducive to strong returns on investment. What legislature would approve these expenditures if they were included in a state budget as line items?"

(Roland M. Machold, director of the New Jersey Division of Investment, said the $25 million in opportunity cost was en early estimate; he believes the true cost is "considerably in excess" of that figure.)

Mr. Regan also charged there is little evidence that selling stock has any impact on South Africa's policy of apartheid.

"Since there must be a willing buyer, there is no inducement for the corporation to leave

Continued on page 61

Edward Regan is critical of the divestiture policies followed by some U.S. pension funds.

Pensions & Investment Age

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Dump stocks, funds told

By Chuck Paustian

Executives of Wall Street investment banking firms are going over the heads of corporate pension executives, urging chief executives and chief financial officers to sell stocks from the pension portfolios.

Those efforts apparently fueled decisions by such companies such as Rockwell International Corp., Pittsburgh, and Primark Corp., Detroit, to, reportedly, sell all stocks held by their pension funds.

Although officials of neither company would return phone calls, one Rockwell money manager, who asked not to be identified, said the company has instructed its equity managers to sell all the stocks in their portfolios. *Pensions & Investment Age* estimates Rockwell had about $7.1 billion in pension assets as of Sept. 30.

Some observers also speculated investment banking firms were behind Seattle-based Boeing Co.'s move to reduce the equity exposure of its $5 billion pension fund. But Gary Bland, vice president-trust investments and investor relations, denied the assertions, saying the move was not induced by an outside firm, but was part of a normal review.

Mr. Bland added the move was not related to Financial Accounting Standards Board Statement 87, which he called a short-term consideration.

Other pension executives agreed that investment strategies related to FASB 87 change the focus to short-term considerations of plan sponsors from long-term interests of plan participants.

"There's no doubt the leading proponents of (FASB 87 strategies) live on Wall Street," said Keith P. Ambachtsheer, president of Keith P. Ambachtsheer & Associates, a pension consulting firm in Toronto. Such strategies emphasize the present value of accumulated benefits rather than the on-going liabilities of the fund, he said.

"The accountants have given Wall Street an entry to make hay of that anomaly," he added.

Still, Wall Street strategists are taking their arguments directly to top executives because they tend to be more sensitive than pension executives to matters concerning reported earnings.

Persuading corporate executives to sell stocks and invest in less volatile bond-based strategies would generate significant business for the investment banking firms doing the persuading.

Industry sources said executives of firms such as Salomon Brothers Inc., Goldman, Sachs & Co., The First Boston Corp. and Morgan Stanley & Co. Inc., all of New York, are warning of the potential impact of fluctuating pension asset values on reported earnings because of FASB Statement 87.

The Wall Street strategists also use the opportunity to demonstrate how various strategies, such as immunized bond portfolios, can smooth the pension volatility

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Managers didn't sell on 'Black Monday'

Pension fund money managers weren't selling on Black Monday, a survey of 48 of the 100 largest managers of tax-exempt assets shows.

And since that calamitous day, more than 60% of the money managers report they have been net buyers to varying degrees, while only about 17% say they have been net sellers.

While news accounts have reported that neither foreign investors nor individuals were selling into the Oct. 19 crash, pension fund managers now can be added to the list.

In an anonymous poll, *Pensions & Investment Age* found only three of 48 managers surveyed — including one major vendor of portfolio insurance — sold into the crash, while seven said they did some buying on that day.

While many sat on the sidelines for the first day or two following the crash, others took advantage of sharply lower equity prices. One manager, with a 25% cash position

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Inside:

PROPERTY: The "best and brightest" pension fund real estate executives, American developers moving into Asia, another JMB deal for investors and more real estate financing and investing news are found in *P&I Age*'s supplement — Pages P1-P21.

CORPORATE FINANCE: After six years of slimming down and restructuring, Ogden Corp. has emerged as a major diversified services company that some analysts contend is a winner destined for big rewards — Page 55.

PUBLIC FUNDS: International investing is hot among the nati $6 billi alre

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Markets, critics foil British Coal

By Joel Chernoff and Holly Smith

Critical investor reaction and falling markets foiled plans by British Coal Corp.'s pension fund to sell shares in Pan-American Properties Inc., its $508 million New York real estate investment trust.

The initial public offering, withdrawn following the Oct. 19 stock market crash, was sharply criticized by some investors and analysts. Some complained the yield was too low for a REIT without a record of public management; some mentioned problems with the management arrangements; and others said the preliminary prospectus failed to make adequate disclosure on some of the properties in the trust.

David Prosser, chief executive of CIN Management Ltd., which manages the London-based British Coal fund, said, "I can't see us going public (with the REIT) in the next six months. There has been a very sharp change of confidence in the equity market. It's like an eggshell that's been stepped on. It will take time to put together again."

The sale was designed to

Continued on page 65

British Coal's Pan-American Properties Inc. REIT owns this San Francisco building.

Insurers reach GIC limits

By Fred Williams

Several insurers already have reached their 1987 capacity in GICs, and some could withdraw entirely from the market in 1988.

Although many insurance companies commonly reach their limits for taking in guaranteed investment contract money by late December, the crunch hit by October this year, thanks to interest rate jitters, narrowing spreads over competing investments and the growing inflow of cash from 401(k) plans.

Capacity problems are expected to worsen next year. Even more money is expected to flow into GICs, yet industry sources predict about a half dozen insurers will drop out of the market because it's not profitable enough.

State insurance commissions establish maximum reserve requirements for insurance companies in the GIC business. If the returns on GICs are more than the contribution rates, the companies must set aside excess reserves over the amount they take in from GIC investors. This causes strain on the insurance company in the year the GIC is written.

GIC brokers and analysts say the larger mutual benefit life insurance companies have been operating on a narrower capital and surplus basis because they can be taxed on these reserves.

Industry sources say the insurance companies at or approaching capacity for 1987 include Allstate Life Insurance Cos., Northbrook Ill.; General American Life Insurance Co., St. Louis; Sun Life (U.S.), Wellesley, Mass.; The New England Co., Boston; Northwestern National Life Insurance Co., Minneapolis; and Mutual Benefit Life Insurance Co., Newark.

GIC brokers are quick to point out, however, that insurance companies that have effectively priced themselves out of the market would dive back in if interest rates were to drop noticeably.

Some expect carriers that provide window contracts, which accept cash for a specified period of time at a rate locked in at the beginning of the period and are most often used in 401(k) plans, will be hardest hit.

Window contracts are exposed to interest rate changes for a longer time than bullet contracts, and cash flow varies by month and in accordance with other market activities, said Michael Kristopik, assistant vice president at Frank B. Hall Consulting Co., Detroit.

"In my estimation we won't lose players, but we will lose some of the window players because of the variability of cash flow," he said.

Most insurers are having trouble finding safe harbors for the GIC money being placed with them. (Insurance companies make their money by reinvesting GIC assets at a premium. Usually, they attempt to match the investments by maturity or duration to protect themselves.)

Said Rob Schaefer, vice president of the Blue Bell, Pa., GIC broker Dietrich & Associates: "There is a lot of uncertainty. The story we are getting is insurance companies are having problems finding good investment-grade investments on the other side. Yes, we see some getting out next year . . . some of the marginal players may find the risk of being in does not justify the investment," said Mr. Schaefer.

"Insurance companies have been able to generate assets, but they are concerned about the liquidity of the assets they are purchasing on the other side," said David Rubin, principal with Chambers, Dunhill, Rubin & Co., an investment banking firm in Beverly Hills, Calif.

"They are finding it very difficult to make money in this market. The competition is strong, and spreads are very poor. Many of the larger carriers have already reached their capacity and are not doing any new business this year.

"The big companies will remain if just for market presence in order to continue serving their client base."

As an alternative to insurance company GICs, Mr. Rubin's firm has placed $40 million in bank guaranteed fixed-income contract, a strategy other firms — including Certus Financial Corp., San Francisco — are considering.

"We are creating a different market with different players, not insurance companies, with organizations like banks. Bank guaranteed instruments can be priced more competitively and will come with FDIC insurance as an added benefit," Mr. Rubin said.

"We think the emergence of banks and bank investment contracts will increase, rather than decrease, the number of companies (primarily large commercial banks) providing products," said David Perry, president of Certus.

"We agree there will be some insurance company pullback and they will begin picking their spots a little more carefully," he said.

Strong cash flow from the the growing 401(k) market has exacerbated the capacity problem for insurers.

Insurance companies reached their capacity earlier than usual because 65% to 70% of 401(k) plan assets have been allocated to GICs, said Gene Gochenour, president of GIC Inc., Beaverton, Ore.

He agrees several insurers will leave the business next year. "The market has become too competitive for them, and spreads got too close (GICs are usually compared against Treasury instruments of the same maturity). People were used to spreads of up to 150 basis points and then spreads got down to 30-80 basis points."

Mr. Gochenour said most major insurance companies now are quoting rates well below the top rate on a five-year, $1 million bullet contract, which was 9.41% for GICs and 8.3% on a five-year Treasury bill as of Nov. 20. Jumbo insurers were quoting rates in the 8.35%-8.9% range.

Mr. Gochenour said GICs also could become more popular as a result of Financial Accounting Standards Board requirements that pension gains and losses be reflected on corporate financial statements.

"The bust in the equity market puts many plans closer to their funding requirements after being overfunded before the drop in the equity market. No one wants to show that on their statements, and, as a result . . . defined benefit plans will move more assets into GICs," Mr. Gochenour said.

"If that happens, then we will be facing a major capacity problem next year."

Continued on page 64

A trust fund to pay benefits in the event of a shutdown at this and other steel plants is opposed by the Reagan Administration, which has compromised on the industry's unfunded pension liabilities.

Reagan balks on steel trust

By Nicky Robertshaw

WASHINGTON — The Reagan administration has compromised on the handling of the steel industry's $5.3 billion in unfunded liabilities, but still opposes a trust fund to pay benefits stemming from plant shutdowns.

The administration has accepted the concept of a special transition rule in new minimum funding standards that would allow the steel industry five years to adapt to the new standards. But the administration still is not willing to accept the trust fund concept.

This leaves the administration squared off against industry representatives, unions and some legislators on how the pension liabilities should be handled.

At a Senate Labor subcommittee hearing Nov. 20, Sens. John Heinz, R-Pa., and Howard Metzenbaum, D-Ohio, along with other lawmakers and broad labor and industry support, introduced legislation to set up a special trust backed by steel assets — and ultimately the federal government — to pay the shutdown benefits.

Those shutdown benefits account for about $3 billion, which is about half of the unfunded liability for the six largest steel companies, according to a congressional source.

The overall pension bill is still in play as part of the budget reconciliation process. Congress begins work this week on a reconciliation package to replace the Gramm-Rudman-Hollings Deficit Reduction Act automatic spending cuts that kicked in Nov. 20.

Sources familiar with the process believe the four pension reform bills approved by labor and tax-writing committees of both houses will be merged into a single bill by Dec. 16, when a continuing resolution to fund the federal government at fiscal 1987 levels runs out.

Under a special transition rule

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Fee increases won't fly

By Brad Rudin

The end of the bull market will make it difficult for investment managers to raise their fees, pension executives and consultants believe, though the decline in the market value of assets cut fee income substantially.

Money managers felt little pressure to increase fees last year because the bull market rewarded them with more assets, according to an SEI Corp. report that details the small upward move in the level of fees between 1985 and 1986.

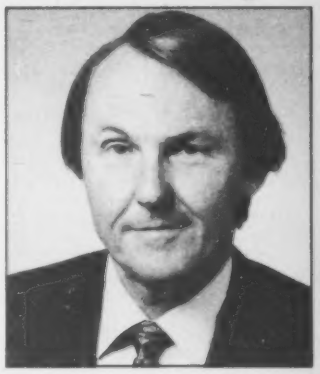
Because of the bull market, "investment firms have been able to increase revenue without adding accounts or raising fees," the SEI report said.

But now that the bull market is over, industry participants say, fees will be held down by plan sponsors' reluctance to pay more for less results.

Money managers will have less leverage on fees as the bear market continues. Equity managers, in particular, could find themselves increasingly vulnerable to a downward pressure on fees if pension funds flee the stock market for alternative investments.

Scrutiny of management fees has roots that go well beyond the October stock market plunge, said Robert E. Shultz, vice president of pension asset management at RJR Nabisco Inc., Atlanta.

Pension executives are taking a hard look at the relationship between management fees and value added by active management, said Mr. Shultz, who is the newly elected president of the National Investment Sponsor Federation, an organization of pension plan sponsors. "If somebody is charging 50 basis points and adding 50 basis points, you have not achieved an active management gain."



Robert Shultz of RJR Nabisco says pension executives are scrutinizing managers' fees.

"I would be very hesitant to pay any increase now," said Edwin J. Ehrlich, director of pension fund

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Cash Management

NCCMA format phased in

By Fred Williams

ATLANTA — Only a few cash management banks soon will offer corporations the option of receiving their monthly account analysis statements in the standard format approved by the National Corporate Cash Management Association, the outgoing chairman of the NCCMA standards committee predicts.

Ware Grove, assistant treasurer and director of banking and finance at Manville Corp., Denver, said now that the standard account analysis form has been approved and released for use, many banks might look to phasing in the standard. He said some banks might accept portions of the standard form initially and implement the remainder over time.

Of the few, Chemical Bank, New York, already has announced it has adopted the NCCMA standard account analysis format and will begin offering it to corporate clients immediately.

The standard will provide a uniform format for presenting account analysis statements — an itemized, usually monthly, listing of cash management services and charges banks issue to clients. Banks now offer most of the information in their own formats.

Corporations with multibank relationships can receive dozens of account statements in differing formats. NCCMA officials view the standard account analysis as a more efficient and cost effective method of presenting cash management information to clients.

Chuck Rawlins said the NCCMA is beginning to market the new account analysis format.

In addition to the monthly data, the NCCMA standard also includes 12-month historical data on major balances, average float, earnings credit rate, earnings allowance and net adjustments.

A *Pensions & Investment Age* survey found only 11 banks that plan to introduce the standard this year if it became available; 31 in 1988; and 44 in 1989 or later (*P&I Age*, Aug. 10).

Mr. Grove, who turned over the chairmanship of the standards committee to Chuck Rawlins, assistant treasurer at Georgia Power Co., Atlanta, at the NCCMA conference in Atlanta, said the introduction of the standard will be evolutionary.

"As banks review their account analysis forms, as they normally do every two to three years, they may introduce all or parts of the standard," he said.

The NCCMA committee, which has representatives from 26 cash management banks, has spent three years developing the account analysis format. Some of the banks represented that are expecting to introducing the standard next year are Continental Illinois National Bank & Trust Co. and Northern Trust Co., both of Chicago, and Bankers Trust Co., New York.

Chemical Bank wasn't among the 26 sponsoring banks that developed the standard.

Andrea Frey, assistant vice president at Chemical Bank, said the bank's clients had been asking for the standard format, and "we wanted to be regarded as the leader in the industry while providing our customers with what they had been asking for."

The service initially will be offered to Chemical's corporate clients that now use the ChemLink system, a package of cash management services available through Chemical.

Ken Montgomery, senior vice president at Chemical, said the system has been tested with six or seven of Chemical's clients and "all have expressed an interest in continuing with the service. Our goal is to sign up all (1,000–1,500) of our corporate customers who pay by compensating balances," he said.

The data also will be provided in electronic form to Phoenix-Hecht, Northfield, Ill., and Treasury Strategies Inc., Chicago, for clients using the two cash management consultants and treasury software vendors.

Executives at Phoenix-Hecht announced Chemical will begin transmitting the analysis statements of Electronic Data Systems Corp., Dallas, for interpretation in the firm's proprietary account analysis system.

Gary D. Schneider, senior consultant for Phoenix-Hecht, said the electronic transmission of the EDS account information will be the first application of NCCMA standardized account information delivered to a corporate client from the bank through the Phoenix-Hecht system.

"Several vendors have claimed this capability," Mr. Schneider added, "but to my knowledge, this is the first actual application."

The ChemLink account analysis module enables corporate clients to receive account analysis statements on the 10th business day of each month.

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Margins stay tight

By Barry B. Burr

Issuers and dealers expect selling margins to remain tight on commercial paper, despite the abrupt withdrawal of Salomon Brothers Inc. and PaineWebber Inc., both of New York, from the market.

The withdrawals came as some money center banks — such as Morgan Guaranty Trust Co. — are increasing their presence as domestic commercial paper dealers.

The moves underscore both the lure and the danger of commercial paper for dealers trying to use the market to build more lucrative investment banking relationships with clients, the principal motive many companies cite for being in the business.

"It's a very competitive business," said George Jahelka, assistant treasurer, Pacific Lighting Corp., Los Angeles.

"The margins are very thin," added Marilyn R. Cooper, vice president-financial sales, Chrysler Financial Corp., Troy, Mich., a direct issuer of domestic paper that raises short-term funds for Chrysler Corp., Detroit.

Pacific Lighting used PaineWebber International, London, as one of its three dealers for its Eurocommercial paper program, which has $140 million outstanding and was started in March 1986.

He said Pacific Lighting doesn't plan to add a dealer to replace PaineWebber. Instead, it will rely more extensively on its existing dealers, S.G. Warburg & Co. Ltd. and Swiss Bank Corp. (International) Ltd., both of London. Swiss Bank was brought on two months ago to increase the program's distribution, he added.

"The commercial paper market is a very important market for us," Mr. Jahelka said.

"At this point, the dropping out of PaineWebber and Salomon doesn't affect us. But it's in the corporate interest for the commercial paper market to remain strong. It's a very viable way for meeting working capital needs. It's a very efficient market. I'm speaking of the domestic market; the European market has some growing up to do."

Pacific Lighting relies on commercial paper for all its short-term borrowing, he noted. It has a domestic program with as much as $600 million outstanding, which uses Merrill Lynch Money Markets Inc. and Shearson Lehman Commercial Paper Inc., both of New York, as dealers.

Despite its widespread use of commercial paper dealers, Mr. Jahelka said Pacific Lighting has its investment banking relationship with Morgan Stanley & Co., New York.

Dealers confirm the business is competitive.

"You've had two responses to the fact that it's a competitive

Continued on page 14

Scudder, Stevens & Clark corporate cash matrix

	Yield						Total return			
	Oct. 30		3 mos. ago		1 yr. ago		Latest 3 mos.		Latest 12 mos.	
30-day										
Prime commercial paper/CD/BA*	7.07	4.24	6.45	3.87	5.89	3.07	1.73	1.04	6.70	3.91
Prime tax-exempt commercial paper	9.17	5.50	7.00	4.20	6.11	3.30	1.97	1.18	7.47	4.40
49-day										
Auction-rate preferred stock (AAA-AA-A composite)	8.60	5.16	7.30	4.38	6.93	3.74	2.08	1.25	7.79	4.59
90-day										
Treasury bill	5.30	3.23	6.14	3.68	5.25	2.83	1.82	1.09	6.29	3.68
Prime commercial paper/CD/BA*	7.15	4.29	7.17	4.30	5.65	3.05	1.65	0.99	6.36	3.72
Prime tax-exempt commercial paper	10.25	6.15	7.50	4.50	7.28	3.92	1.47	0.88	6.73	3.97
1-year										
Treasury bill	6.69	4.01	6.74	4.04	5.72	3.09	1.81	0.96	6.13	3.01
Prime municipal note	10.42	6.25	7.58	4.55	8.09	4.37	0.32	0.21	3.84	2.26

None of the instruments listed in this table are capital assets for tax purposes.
No capital gains taxation applies; all price changes are taxed at ordinary income rates.
* CD is certificate of deposit; BA is banker's acceptance

pretax
after-tax

Ryder System will make some cash management changes in 1988, including possibly reducing the number of banking relationships.

Ryder taps Citibank to do study

MIAMI — Ryder System Inc. retained Citibank, New York, to undertake a corporate cash management study, said Robert Prokay, assistant treasurer.

"I would expect there will be some changes in 1988, more along the line of reducing the number of (banking) relationships," he said.

The study, by Citibank's treasury consulting group, involves the company's collection and disbursement as well as other banking cash management services, he added.

He said Ryder executives might consolidate more services with more of its 28 lines of credit banks to have a more substantial relationship with them.

"We haven't completed our work," he said, adding the changes should be completed by mid 1988.

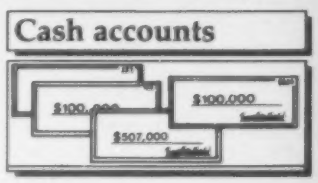
RTE consolidates

BROOKFIELD, Wis. — RTE Corp. is consolidating its collection banks with two lockbox networks, said John Kita, cash manager.

The move will reduce its lockbox banks from four.

"We're in the process of doing it now," he said.

The electrical equipment manufacturer is opening a lockbox in Dallas with First National Bank of Chicago's collection network, while dropping its site with First RepublicBank Dallas. RTE will retain an existing lockbox in Chicago with First Chicago.



It will drop its lockbox in Pittsburgh with Mellon Bank, moving the collections to Chicago and to an existing site in Charlotte, N.C., with First Wachovia Corporate Services Inc. The company will retain an existing lockbox in Atlanta with First Wachovia.

Mr. Kita said the elimination of Pittsburgh will result in some undisclosed saving while not materially affecting float. "The company doesn't have a significant amount of business in the Northeast," he noted.

"The move in Dallas didn't reduce costs," he said. It was done to consolidate more business with First Chicago.

PIPER

The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on special equity, real estate and international funds at more than 50 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

Overseas funds suffer in crash

By Marlene Givant

The very markets that allowed the top international managers in Pensions & Investments' Performance Evaluation Report to shine turned on them during October, but most managers are sticking with their long-term strategies.

All top performers in PIPER for periods ended Sept. 30 were nearly fully invested going into the crash.

"Had there not been such pressure to keep up with the (Morgan Stanley Capital International Europe Australia Far East index), managers would have been more in cash instead of keeping low levels of liquidity regardless of value because of a desire to outperform" the index, said Ian Henderson, director of Wardley Investment Services International Ltd., London. "This may impact the way people look at performance measurement. I think it should. It's a lesson one needed after a period of such strong markets."

Wardley's $80 million International Equity fund managed for Marine Midland Bank, New York, ranked third for the year and second for the three years ended Sept. 30.

Among other top performers for periods ended Sept. 30, the $50 million International Stock Portfolio of Wellington Trust Co., Boston, was top for the quarter, returning 14.5% followed by the International Equity fund of Bankers Trust Investment Management Ltd., London, with 13.8% and Wellington's Pacific Basin Portfolio $3 million with 12.1%. The EAFE returned 5.7% for the period.

For the year, Bankers Trust was first with a 62.4% return, followed by Wellington Pacific with 60.1% and Wardley at 59%. The EAFE index returned 45.5%.

For the three years, London-based BA Investment Management International Ltd.'s International Employee Benefit Equity fund far exceeded the pack with a compound annualized 64.3% return, followed by the EAFE's annualized 57.5%, Wardley's 57% and San Francisco-based Wells Fargo Investment Advisors' passive International Equity fund, with 55.7%.

For the five years, Bankers Trust was No. 1 with a 42.6% return, while the $1 billion International Collective Equity fund of IDS International Inc., London, tied EAFE for second place with 42.4%. BA was third with 42.1%.

For the 10 years ended Sept. 30, none of the funds surpassed the EAFE's compound annualized 24.8% return. The top PIPER fund for the period was First Chicago Investment Advisors' International Equity fund with 22.6% and London-based J.P. Morgan Investment Inc.'s International Equity fund with 21.9%.

But the crash of October took some of the gleam off those returns.

During the week of the crash, Bankers Trust's $130 million fund took profits in small European and Far East markets and Japan, where it had invested 32% in mainly domestic sectors. It then bought Japanese export companies, which were severely depressed from the declining dollar, boosting Japanese exposure to 40% as a short-term play.

Bankers Trust also was heavily exposed to liquid, hard-currency European markets, but it also overweighted Australia and Canada, which were battered severely in October.

Indeed, noted Lynn Minard, director of global marketing, "some of the same reasons that gave us outperformance in the second and third quarter gave us a (beating) in October."

Similarly, three other top performers were hurt in October by their overweightings in Spain.

While BA, which runs a $47 million fund, thinks there is only a 30% chance of a U.S. recession, it is buying defensive stocks and sticking to hard-hit Spain with a whopping 25% exposure, the same allocation it has in the United Kingdom. It believes those markets would have enough domestic growth to withstand a recession.

Wellington Trust's hefty 10% in Spain, which makes up 1% of the EAFE, accounted for much of the success of its international fund.

"Spain was Europe's top market in the third quarter. It was up 30.5% because of record corporate profits and our Spanish portfolio outperformed that of the market," said Jerrold Mitchell, senior vice president.

Wardley Investment also had a significant commitment to Iberia. Portugal was particularly buoyant in the third quarter because of favorable economic news, deregulation and falling interest rates, said Mr. Henderson.

BA, whose assets declined roughly 25% in October, now has less than 5% in Japan, the largest stock market, and has little in other Far East markets because they could be hurt by a downturn in spending by U.S. consumers.

It owns defensive food companies in Europe such as **Unilever N.V.**, in the Netherlands, and is buying stocks that would benefit from a reduction in interest rates such as **Pleasurama PLC,** a U.K. domestic tourist services company.

In Japan, Wellington Trust has a good representation in blue-chip, export stocks, which were strong performers during the

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Speed benefits special equity pool

By Anne E. Schwimmer

Using a strategy of quick buys and sells, the $15 million select equity fund of the First RepublicBank, Dallas, ranked first for the year ended Sept. 30 with a return of 74.5%, more than 20 percentage points higher than the next best performer among commingled special equity funds in Pensions & Investments' Performance Evaluation Report.

California First Bank, San Diego, also did well; its supplemental equity fund ranking second with a return of 53.1% for the year. It was followed by the Putnam Cos.' Putnam specialty growth trust with 52.6%, First Alabama Bank of Mobile's special stock common trust fund, 52.5%, and New York-based Morgan Guaranty Trust Co.'s supplemental opportunity fund, 52.4%.

By comparison, the PIPER special equity median return was 34.7% for the year, and the Standard & Poor's 500 stock index returned 43.5% for that period.

But most of the funds reported declines about equal to that suffered by the market in October.

"Our stocks came down, but we maintained our relative position vs. our competitors," said Matthew Weatherbie, Putnam managing director and chief investment officer-specialty growth equities. The Putnam fund now has assets of $41 million, reflecting a loss of $11 million during the crash. The Putnam Cos. Inc. is a subsidiary of Marsh & McLennan Cos. Inc., New York.

First RepublicBank's fund, however, was heavily in cash Black Monday and escaped relatively unscathed, said Ben J. Fischer, senior vice president of First Republic. He said the indicators were pointing to upcoming difficulties in the market.

In addition to its 12-month returns, the non-diversified equity fund also did well in the longer term, returning a compound annualized 42.3% to rank third for the three-year period.

Mr. Fischer said stocks are bought based only on their low price-earnings ratio and sold instantly once they go up. The small group of stocks in the fund — never more than 10 at a time — tend to have a high turnover rate. Because of this, there was no single outstanding stock in the fund, Mr. Fischer said, but he cited **Consolidated Rail Corp., Old Republic International Corp., American Bankers Insurance Group Inc.** and **Ashton-Tate Corp.** as doing well.

The top performing special equity funds had varied methods behind their successes.

The Putnam fund, which in addition to its high 12-month return ranked 11th in the quarter with 8.9%, focused 60% of its $52 million portfolio in small-capitalization companies, choosing them on a detailed analysis of their expected growth, said Mr. Weatherbie. The rest of the portfolio was placed in larger-cap companies that were expected to show improved relative earnings growth and profitability, he said.

In the small-cap portion, exceptional leaders included **American Cablesystems,** a cable TV company; **Charming Shoppes Inc.,** a specialty retailer; **Community Psychiatric Centers,** which owns and operates psychiatric facilities; **Manpower Inc.** and **Kelly Services Inc.**; and **Digital Communications Associates Inc., Stratus Computer Inc., Sun Microsystems Inc.** and **Telerate Systems Inc.,** all technical and computer-related stocks.

Mr. Weatherbie said the stocks were chosen for their leadership in their fields, strong management, growth history, strong financial positions and superior return on equity.

Among the larger-capitalized holdings, drugs stocks such as **Merck & Co. Inc., Schering-Plough Corp.,** and **Warner-Lambert Co.** did well, as did technical stocks such as **Digital Equipment Corp., Apple Computer Inc**. and **Tandem Computers Inc**. He also pointed to special-situation stocks, such as paper and chemical companies and consumer non-durable goods, such as **Philip Morris Cos. Inc.**

First Alabama's $10 million special stock common trust fund also was among those performing well in the three- as well as the 12-month period, placing eighth with a 10.1% return for the quarter.

The fund, which holds roughly 20 stocks, was invested in mostly technical and basic industry stocks for the year ended Sept. 30, said Charles Murray, trust investment officer.

Good performers were **Motorola Inc., Hewlett-Packard Co., E.I. du Pont de Nemours & Co., International Paper Co., Weyerhaeuser Co., Eastman Kodak Co.** and **Thomas & Betts Corp.**, Mr. Murray said.

First Alabama Bank of Mobile's fund now stands at $7 million; it lost $3 million in the crash.

For longer time periods, California First is a recurring name, placing second in the

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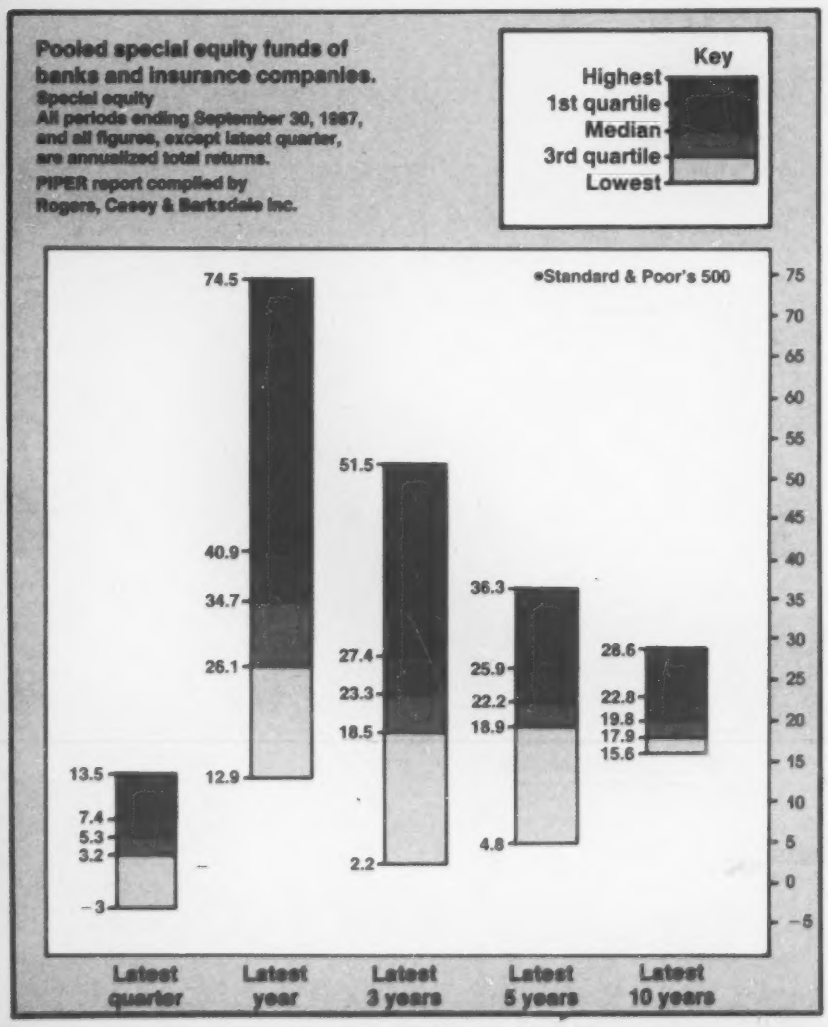

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Real estate funds hit hard

Steep declines in value slash returns of certain pools by 50%

By Steve Hemmerick

Pension officers, now suffering from a stock plunge, saw many of their real estate returns cut by as much as 50% in one 12-month period, Pensions & Investments' Performance Evaluation Report shows.

Some of the biggest declines — coming primarily in value rather than income yield — hit some of the largest and most well-respected commingled real estate funds. Those included some closed-end funds of Coldwell Banker Capital Management Services, Los Angeles, and The RREEF Funds, San Francisco, and open-end funds of First Chicago Investment Advisors, Chicago, and First Wachovia, Winston-Salem, N.C.

For the 12 months ended June 30, the total return for Coldwell Banker Institutional Fund V fell to 3.6% from 14.7% in the 12 months ended June 30, 1986; Coldwell Banker Institutional Fund II fell to 2.4% from 7.3%; Coldwell Banker Institutional Fund VI fell to 1.5% from 6.8%; and Coldwell Banker Institutional Fund VII fell to −3.9% from 10.1%.

Brought down by the midyear writedown on properties, The RREEF Funds USA II fell to −14.7% from 3.3%; RREEF Mid America I, to −7.9% from 7%; RREEF USA I, to 1% from 10.8%; and RREEF Mid America II, to 5.6% from 14.1%.

The fund with the lowest return for the one-year period was the First RepublicBank Real Estate Equity Fund, which had a −23.8% return, vs. 9% for the earlier period.

A longtime consistent performer, First of Chicago's Real Estate Fund F, fell to 3.6% from 9.7%. Also, First Wachovia's Real Estate Fund fell to 6.3% from 13.4%.

For the same 12-month period ended June 30, the S&P 500 returned 25.2%, the Shearson Lehman Government/Corporate bond index returned 4.7%, and the Consumer Price Index, 3.8%.

The top-performing open-end fund was Chase Manhattan Real Estate Fund, New York, which had a 16.6% return, up from 15.2% the previous 12 months. The top performing closed-end fund was the $390 million JMB Institutional Group Trust 1 at 21.6%, the highest return of all funds and above its 18.6% returns of the previous 12 months.

A key reason behind Chicago-based JMB's performance was its roughly 60% weighting in retail properties. Retail properties, particularly large shopping malls, have been showing large gains in appreciation.

Benefiting from the increasing retail values also was the Tower fund of Metropolitan Life Insurance Co. Real Estate Investments, New York. The fund scored a 13.6% return, more than eight percentage points above the 5.2% return it scored the previous 12 months.

The Tower Fund was one of the few to show a large gain. Part of the return came from appreciation in the Rhode Island Mall in Warwick, R.I. It was purchased for about $20 million and, after rehabilitation, now is valued at $42 million, said Bruce Kosakowski, national director for Metropolitan's real estate funds.

The Tower Fund has about $168 million in assets, and its property mix is 25% retail, 35% office, 11% research and development and 29% industrial.

Another reason for the sharp increase, said Mr. Kosakowski is that Metropolitan recognized most of its losses by the end of the first quarter of 1986 and it now has no depreciation "undercutting our returns."

The fund, he said, had just more than 6% income and just more than 7% appreciation.

Previous recognition of losses in depreciation also helped the return for Metropolitan's Separate Account RE, which rose to 8.9% from 6.6%.

The $240 million fund didn't increase as much as the Tower fund partly because it has a much smaller retail component, about 8% of assets, said Mr. Kosakowski. For Separate Account RE, the income return was about 7.2% and appreciation was 1.7%.

In some funds with sharp losses, the declines were attributed to drops in appreciation or flat appreciation; what return was available came strictly from income. But real estate executives pointed out the losses are on paper only because the properties were not sold and, barring a recession, they hope the market has bottomed out and values will begin to rise.

Other losses were attributed to a combination of lower income and drops in value. Part of the reason for the lower return of the First Chicago Real Estate Fund F was vacancies; about one-third of the leases of its properties turned over in some of the softest real estate markets, said J. William Baker, a vice president with First Chicago.

Consequently, he said, vacancies in surrounding properties not owned by the $656 million Fund F caused leasing agents for the fund's properties to reduce some rents. As with other property advisers, he said, First Chicago officials reduced rents by offering free rent up front to get tenants to sign long-term leases. However, he said, since First Chicago, unlike some other real estate funds, doesn't count income until it is in hand, the fund registered no income from some properties during the performance period.

That brought down the income return somewhat, he said. For the latest period, the income return for the fund was 5.9% and appreciation was −2.3%.

For the $400 million First Wachovia fund, all but 0.5% of the return was from income, said Robert Smedley, senior vice president. The fund, he said, "tracked pretty well what was happening in the industry" and that, he said, was the "squeezing out of appreciation that took place during mid-1986, 1987."

There has been "significant bumps on the appreciation side," said Mr. Smedley, and in some instances "initial lease-up took longer than in past years."

For a 10-year period, the Wachovia fund had a 15% return, second only among open-end funds to the Morgan Guaranty Real Estate Fund managed by J.P. Morgan Investment Management Inc., New York, which had an 18.4% return. ■

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